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NEWS SUMMARY

GENERAL

Fifth hunger striker dies

Hopes for an end to the Northern Ireland prison crisis receded as hunger striker Joe McDonnell died on the 61st day of his fast in the Maze Prison near Belfast.

Northern Ireland Secretary Humphrey Atkins went ahead with a plan to send an official into the jail to explain the government position to the strikers. He said flexibility was possible on some issues, but not while the strikes continued.

News of the death, the fifth this year, brought renewed attacks on security forces. A 16-year-old was shot by the army in Belfast. Page 8

Defence talks

Japanese Premier Zenko Suzuki is to seek talks on defence with President Ronald Reagan after a U.S. military commander said Japan could barely defend itself. Back Page

Union curbs

The Government is considering restricting trade union immunities relating to secondary industrial action, Employment Secretary James Prior said for the first time. Page 7

Polish strike

Polish dockers stopped work for an hour in Baltic ports and threatened a full strike unless the Government met their demands on conditions and rights. Page 2

Begin may stay

Outgoing Israeli Premier Menahem Begin seems sure to head the new coalition government after persuading two minority parties to work under him. Page 3

Observer hitch

Lonrho clashed with Observer journalists over editorial safeguards for the newspaper, which it is trying to buy. Page 6

Smith rebuked

Former Rhoedsian Premier Ian Smith could be deported if he keeps spreading alarm and despondency among Zimbabwe's whites, the Finance Minister said.

Consumer review

Consumer protection laws are to be reviewed by the National Consumer Council. Its findings will probably be published. Page 6

VHF plans

BBC Radio plans to make all its services available on VHF and in stereo by 1990. Page 5

Drug costs up

The cost of researching and developing a drug in the UK rose from £15m in 1969 to £58m in 1978, a survey said. Page 5

Dole staff warned

Unemployment benefit office staff in Yorkshire and Glasgow have been threatened with suspension for blacking Giro cheques used for benefit payments. Page 7

Jail for smoker

Moslem court on the Israeli-occupied West Bank sentenced an Arab to a year's gaol for smoking publicly during Ramadan.

Bear-headed

Endangered grizzly bears were not being massacred to provide headwear for the Royal Guard at Prince Charles's wedding, the World Wildlife Fund said, denying earlier reports. Black bear skin was used.

Briefly . . .

Bess stung a 55-year-old woman to death in Missouri.

Tory Party will have a £1m deficit this year, the chairman predicted. Page 8

Power failure hit Montreal for an hour.

BUSINESS

Gold off by $9; equities off 7.1

● DOLLAR improved on U.S. prime rate increases. It rose to DM 2.4750 (DM 2.4440), SwFr 2.1145 (SwFr 2.0890), and Y229.35 (Y228.65). Its trade-weighted index rose to 110.9 (110.4). Page 39

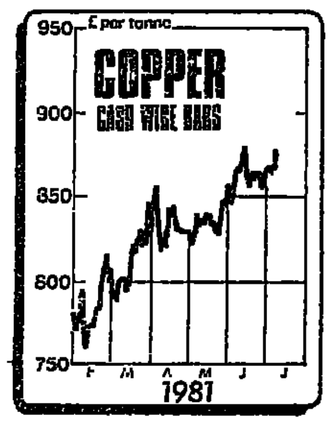
● STERLING finished unchanged on balance, but lost ground against the dollar, falling 2.4c to $1.8795. It eased to DM 4.65 (DM 4.6550) but rose to FFr 11.03 (FFr 11.00). Its trade-weighted index was unchanged at 93.5. Page 39

● GOLD lost $9 at $398. Page 39

● GILTS quotations collapsed after the result of the new index-linked issue. The Government Securities index dropped 0.95 to 63.81. Page 40; Lex, Back Page.

● EQUITIES leaders fell in the wake of gilts. The FT 30-share index lost 7.1 to 522.4 Page 40

● COPPER three-month wire bars closed £5.25 up at £899.5 a



tonne, and cash wire bars finished £5.75 higher at £875.25. Page 31

● WALL STREET was down 3.62 at 950.53 near the close. Page 30

Diamond sales fall

DIAMOND rough and industrial stone world sales fell by 40 per cent in the first half of this year to $940.5m (£497.2m) compared with $1.57bn in the 1980 first half and $1.16bn in the second half. Page 25

● ITALY'S STOCK MARKETS were closed for the rest of the week by the Treasury Minister as a collapse of share prices provoked a new economic crisis. Back Page; World stock markets. Page 30

● ARAB INVESTORS are believed to have bought four independent oil refineries in Texas.

● NUM delegate conference threatened further industrial action by miners if the Government does not sanction development of the Vale of Belvoir coal field. Back Page

● BALLAST NEDAM, the Dutch contracting consortium, has been chosen to build a strategically important causeway linking Bahrain with Saudi Arabia. The contract is worth $564m (£300m). Back Page

● ANTI-TRUST suits against Mack Trucks and Ibstock Johnson of the UK were cancelled by the Reagan Administration. Back Page

● IBM, the U.S. computer company, lost a bid to block anti-trust investigations against it by the EEC.

● HAMILTON OIL is making an offer for sale of 10m shares, a 20 per stake, at 140p a share Page 25

● H. P. BULMER Holdings, cider manufacturer, wine and spirits wholesaler, lifted taxable surplus for the year to April 24 to £4.1m against £3.28m. Page 24

● ASSOCIATED FISHERIES pre-tax profits in the half-year to end March tumbled to £335,000, compared with £638,000. Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Fisons	172	− 6
Amal. Power	97	+ 5	Foster Brothers	82	− 4
Bulmer (H. P.)	237	+ 21	General Accident	330	− 10
Letraset	109	+ 22	GEC	722	− 11
Mercantile House	905	+ 27	Hazlewood Foods	240	− 15
Polymark	93	+ 6	ICI	262	− 6
Ropner A	220	+ 10	IC Gas	175	− 15
			Inchcape	388	− 10
FALLS			MEPC	232	− 7
Treas. 11¾pc '85	£90⅞	− ⅞	Mills and Allen	435	− 20
Treas. 2pc IL '96	£92¼	− 4	Rowton Hotels	118	− 5
Treas. 13¾pc 2000-03	£59¼	− 1½	Royal Insurance	372	− 9
BAT Inds.	355	− 8	Whitbread	159	− 5
Boots	211	− 6	Aust. Cons. Mines	32	− 4
British Home Stores	137	− 5	Hemerdon	60	− 5
BP New Nil paid	10pm	− 8	Intnl. Mining	25	− 5
Eagle Star	313	− 8	UMAL	200	− 15

Mauroy to safeguard foreign interests in French nationalisation

BY ROBERT MAUTHNER IN PARIS

M PIERRE MAUROY, the French Prime Minister, yesterday gave foreign banks, foreign companies with French subsidiaries and foreign shareholders in French companies a firm undertaking that their interests would be safeguarded in the new government's nationalisation programme.

Presenting the Socialist Government's general policy statement to the National Assembly, M Mauroy said priority would be given to nationalisation of the banking and financial sector, for which a bill would be tabled at the beginning of the autumn parliamentary session.

However, the Prime Minister emphasised that the nationalisation of banks and credit institutions would not be all-embracing. Foreign and foreign-owned French banks, "small, independent banks" and mutual and co-operative credit institutions would be excluded fro mthe nationalisation measure.

The bill extending state control to the part of the banking sector not already nationalised will be followed by a bill providing for the nationalisation of the country's biggest industrial groups. M Mauroy confirmed that there would be different provisions for different companies.

Foreign-owned companies, or those in which foreign interests were substantial, such as Cii-Honeywell Bull, the computer

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Details, Page 2

NATIONALISATION PROGRAMME

INDUSTRIAL COMPANIES TO BE NATIONALISED IN THE AUTUMN	1980 Turnover
Compagnie General d'Electricite—heavy electrical engineering, electronics, nuclear engineering	FFr 42.5bn
Pechiney-Ugine-Kuhlmann—aluminium, steel, chemicals	FFr 38.1bn
Rhone-Poulenc—chemicals, synthetic textiles	FFr 30.2bn
Saint-Gobain—glass, iron pipe, insulation materials, high technology industries	FFr 43.0bn
Thomson-Brandt—electrical equipment, "white" goods, electronics, arms	FFr 36.5bn
Dassault—aircraft	FFr 10.7bn
Saciler—steel	FFr 10.7bn
Usinor—steel	FFr 17.0bn
TO BE PARTIALLY NATIONALISED	
Matra—only the arms side to be nationalised, leaving ite electronics and publishing interests untouched	FFr 2.2bn (arms only)

BANKS

All banks to be nationalised except: 1 Foreign banks in France, 2 French subsidiaries of foreign banks, 3 Co-operative banks, 4 Small local banks.

In addition, the industrial subsidiaries of big diversified banks (mainly Paribas and Suez) wil lbe sold off to private interests, unless these activities are in strategic areas involved in the industrial nationalisation programme.

COMPANIES WITH FOREIGN SHAREHOLDINGS

CII HONEYWELL BULL—computers (47 per cent Honyewell Information Systems of U.S.).

ITT-FRANCE—telecommunications (patr of ITT group of U.S.).

RUSSEL-UCLAF—pharmaceuticals (58 per cent Hoechst of W. Germany).

Gas unions call for strike over showroom sales

BY DAVID CHURCHILL AND PAULINE CLARK

GAS UNIONS yesterday called for a one-day strike next Monday in reply to the Government's order to the British Gas Corporation to pull out of gas appliance retailing.

The corporation was told to sell off its 900 High Street showrooms over a five-year-period.

Following the announcement in the Commons yesterday by Mrs Sally Oppenheim, Minister for Consumer Affairs, the gas unions promised to strike with further action possible later. The strike will be the first ever co-ordinated industrial action in the gas industry involving both manual workers and staff operators of the national grid.

A skeleton staff will stand by for emergencies and gas pressures will continue to be monitored. Gas distribution is fully automated and supplies to the consumer are unlikely to be affected.

Further sustained industrial action by the gas unions could lead to gas supplies being cut off to industrial, commerical, and household consumers for the first time.

The unions fear that up to 42,000 jobs could be lost by the move, althoug Mrs Oppenheim would only say yesterday that such figures were "exaggerated."

Unofficial Government estimates put the job losses nearer 5,000—affecting mainly white-collar staff in the showrooms. The Government believes the bulk of British Gas's staff will still be needed to administer accounts and to provide installation and servicing facilties, as well as emergency cover for gas leaks.

Mr David Stirzaker, national gas officer in the National and Local Government Officers Association representing 50,000 gas staff, said: "We shall fight with all our means this insane decision."

He added that if hte unions' worst fears on jobs were confirmed, there was "no way the Government would avoid an all-out gas strike."

The move to sell off the 900 showrooms represents the biggest ever shake-up in High Street retailing. The showrooms are estimated by property analysts to be worth £100m or more.

It will be the Department of Energy's responsibility to secure British Gas's agreement to the showroom sale. If British Gas does not comply, the Government is prepared to introduce legislation to enforce its decision. It has already decided to give such legislation priority.

Mr John Edmonds, national gas officer in the GMWU said the unions would respond to the Government's invitation to talks on how jobs would be affected—despite the unions scepticism over assurances that employment would be protected.

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Mills and Allen in Letraset bid

BY CHRISTINE MOIR

MILLS AND ALLEN International, the advertising contracting and money broking group, yesterday launched a £44.5m bid for Letraset, the troubled transfer printing and stamp dealing company, in a classic pincer movement.

In the morning, with Hambros Bank as a partner, Mills and Allen made an anonymous raid in the market, netting 14.97 per cent of Letraset at 105p a share.

In the afternoon, it revealed itself as a full-scale bidder offering a package worth 104p a share. Shareholders are being offered one Mills and Allen share for every five of their own plus a fraction of a £1 preference share of 19½ per cent worth 17p and repayable in a year's time.

Even after Mills and Allen's shares had tumbled 20p to 435p, the bid still valued Letraset at 20 per cent above its market value before the raid.

However, Letraset's board took little more than two hours to reject the bid as "totally inadequate," and by the close the market price had risen to 109p, or 5p above the bid value.

The bid is a major move for Mills and Allen, which has a market capitalisation of £54.5m. To finance the offer, it would need to expand its ordinary share capital by over 60 per cent.

Mills and Allen was born in 1977 out of the rump of the ill-fated fringe bank, J. H. Vavasseur, one of the more publicised casualities of the 1974 secondary banking crisis.

Its two main operations are cinema and poster advertising, in which it is one of the two leading companies: and money broking through Harlow Meyer, where it now ranks third behind Mercantile House and Astley and Pierce.

Pre-tax profits last year just topped £10m, which compared with the £12.1m Letraset turned in for the 12 months to April 1980.

However, Mills and Allen continues to grow and Letraset has hit a major snag with Stanley Gibbons, the stamp dealer it bought in a £19m diversification in 1979. Losses and closures at Gibbons could cost Letraset £5m this year and the dividend is under threat.

Mills and Allen's chairman, Sir Ian Morrow, said yesterday that the group was looking for a major third leg to its business. In return, he said, Letraset's shareholders would get a stake in "more exciting businesses"

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Lex, Back Page

Gilts fall as index-linked stock fails to sell out

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GILT-EDGED market was thrown into confusion last night after the news that the Bank of England had sold only part of the new £1bn 25-year index-linked stock and at a price well below the expected level.

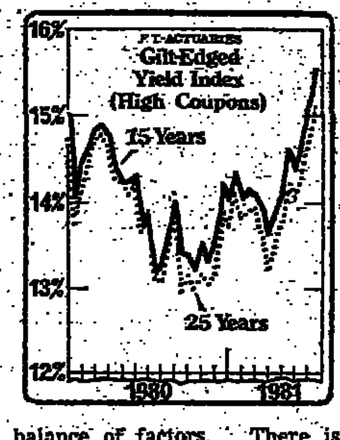
Prices of both existing gilts and of equities fell sharply.

The stock—2 per cent Treasury 2006—was offered for sale by auction but, in line with a clause in the prospectus, the Bank decided to refuse bids below £86 per £100. All tenders at this price and above have been allotted in full at the single price of £86. No indication was available of how much had been sold in a £30 partly-paid form.

At yesterday's allotment price the real (inflation-adjusted) rate of return is 2.9 per cent a year. Both principal and interest of the stock will be adjusted in line with the retail prices index.

The Bank's decision not to sell all the stock while accepting a lower than expected price was already producing a vigorous debate within the City last night.

The decision clearly reflects a balance of factors. There is the Bank's desire to continue funding the Government's borrowing needs and to respond to market forces. By contrast, there is also a clear desire to give a guide on an acceptable maximum level of real yields with a view to trading in indexed and conventional stocks.



Indeed, the Bank made it clear that the balance of stock which was unsold would not be made available to the market at a price below £86. This is unlike normal tap stocks where no minimum price is set.

The low price may partly reflect the restriction on eligibility to UK pension funds and similar schemes. Some funds received more than expected of the first indexed stock in March and, with little spare cash available, were less aggressive in bidding this time. They may also have been affected by the weak state of the gilts market and by high nominal returns on existing stocks.

The fact that a yield of 2.9 per cent is assured for 25 years last night resulted in an immediate reassessment of views about returns on existing stocks. The price of the 1996 index-linked issue dropped £4 to £92¼ where it also yields 2.9 per cent. This compares with a return of 2 per cent when the stock was sold at £100 in late March.

Prices of conventional fixed-interest gilts dropped by between £1 and £1½ and yields of over 15½ per cent and up to 15¾ per cent are available on some medium-dated stocks. The FT 30-share index dropped 7.1 points to 522.4 for a three-day fall of 25.6 points.

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Dollar surges against D-Mark

BY OUR FOREIGN AND FINANCIAL STAFF

THE DOLLAR surged to its highest for more than 4½ years against the D-Mark yesterday as the London gold price fell below $400 per ounce for the first time since November 1979.

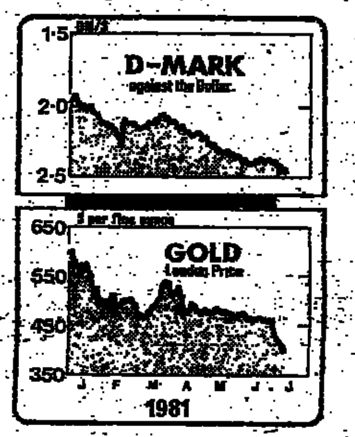
The fresh strengthening of the dollar came as Citibank and other big U.S. banks joined the move to raise prime lending rates to 20½ per cent from 20 per cent.

Sterling joined in the general fall, dropping 2.4 cents in London to close at $1.8795, the lowest for three years.

The pound was, however, little changed against Continental currencies, gathering support from this week's increase in UK interest rates. Its trade-weighted index against a basket of currencies was unchanged on the day at 93.5, according to the Bank of England.

The dollar climbed to DM 2.4750 from DM 2.4440, on Tuesday, the highest since Ocotber 1976, making a rise of 3.3 per cent this month. The dollar also rose steeply to SwFr 2.1145 (SwFr 2.0890) and gained against the French franc, yen and lira.

Gold closed in London at $398 per ounce, down $9 from Tuesday's close. It has now dropped more than $70 in the past three weeks.



Foreign exchange dealers in Frankfurt said the currency markets were again responding as much to political as to economic developments.

The prospect of a further period of high U.S. interest rates, unease about the threat of renewed industrial unrest in Poland and the new Socialist Government in France were all being cited by foreign exchange traders as factors supporting the U.S. currency.

There were some signs of an easing of tensions in the European Monetary System as the Belgian franc strengthened slightly and moved away from the lower intervention point established by EMS rules.

But substantial Central Bank support continues to be needed to help the Belgian currency. There were indications yesterday that the Belgian inflation rate could jump by between 2.5 and 3 percentage points in July as a result of the rise in value added tax and the decline of the currency against the dollar.

The French franc also improved within the EMS yesterday following the statement from M Pierre Mauroy, the French Prime Minister, that the franc would stay within the system.

The Bank of France continued recent action to ease Paris interest rates by lowering its money market intervention rate to 18¼ per cent from 18¾ per cent.

The West German Central

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£ in New York

	July 7	Previous
Spot	$1.8965-8980	$1.896-899
1 month	1.08-1.15 pm	1.07-1.12 pm
3 months	2.50-2.60 pm	2.38-2.44 pm
12 months	5.50-5.70 pm	5.00-5.20 pm

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EUROPEAN NEWS

French PM treads narrow path on nationalisation

BY TERRY DODSWORTH IN PARIS

"WE SHALL preserve the identity and the autonomy of the nationalised companies we are creating. They will enjoy their full responsibility as enterprises, and be able to act on their own initiative both nationally and internationally," said M Pierre Mauroy, the French Prime Minister, introducing his Government's keenly-awaited nationalisation programme yesterday.

His statement indicates that, like the pragmatist he is, he has given something to both the hawks and the doves in the Government on the nationalisation issue. The hawks have more or less won on the timing and the extent of the Government's action: all the companies mentioned in the Socialists' pre-election platform are to be taken over, and most of them will be tackled in the autumn.

But he has made a significant gesture to the centrists in making it clear that the state will not lay too heavy a hand on these enterprises. They are going to be allowed to get on with the job.

This attitude has already become clear in the brief spell that the Socialists have been in office, although it could change later. When Elf-Aquitaine bid for Texasgulf of the U.S. recently, it was not hindered by the authorities—in distinct contrast to the last Government.

Later, in a huge corporate row between Saint-Gobain and its subsidiary CII Honeywell Bull, both of them on the nationalisation list, the government directors on the CII board let the private shareholders fight the case out themselves.

But given this laissez faire attitude, why go ahead with nationalisation at all? M Mauroy gives three main reasons.

First of all, nationalised companies are seen as having a "determining" role in carrying out the Government's economic policy — essentially one of expansion, investment and the creation of employment. Even if the authorities are not going to bully them, there is the clear implication here that their priorities will be those selected by the Government, and that they will be expected to remember that. The new importance given to the national five-year plan will mean that they will work to clear priorities.

Secondly, M Mauroy argues that the nationalisation of credit will orientate the banks more effectively towards the needs of smaller companies and of the "general interest." Both of these concepts have become a strong element in the Socialist Party's articles of faith in recent years.

Small companies are seen as valuable sources of employment, whose industrial vitality is too often sapped by the monopolistic weight of big multinational groups not always acting in the national interest. In addition, banks are frequently charged with being more interested in making a quick profit on a marginal property deal than thinking of the long-term investment requirements of the country.

Thirdly, the Government is intending to use the public sector for the development of its ideas on improving working conditions, co-operation and so on.

Underlying the whole of this programme is a clear concept of the national role of the main French industrial and financial groups. But M Mauroy went out of his way to indicate yesterday that the Government does not want to reverse the last 20 years of international development and expansion. The nationalised sector would be expected to continue to develop strategies based on facing up to international competition, he said.

Similarly, an olive branch was held out to the foreign shareholders in French companies. M Mauroy hoped that the overseas companies that held small shareholdings in the big companies on the nationalisation programme would "continue to participate in their expansion."

In the case of the three groups in which there are large foreign shareholdings — Cii, Roussel-Uclaf and ITT—negotiations would take place with a view to maintaining the technical, industrial and commercial links.

Dockers return to work in Gdynia after a one-hour strike yesterday.

Carrington charts course for EEC in next six months

BY JOHN WYLES IN STRASBOURG

LORD CARRINGTON, the British Foreign Secretary, yesterday launched three themes for the European Community's development in a keynote speech which promised Britain's "loyalty to the European ideal" during its presidency of the EEC Council of Ministers.

His 45-minute address to the European Parliament setting out the aims of the six-month-long British presidency was heavily laced with the kind of Euro-rhetoric more usually heard from some of the Community's founding member states.

At the same time, however, the speech skilfully balanced the British case for significant reforms of the EEC budget and the common agricultural policy with approving recognition of the desire of some other governments for future developments to be across the broad front of new policies.

While cautioning against "exaggerated hopes" of the UK presidency, Lord Carrington borrowed inspiration from the late President Georges Pompidou of France who had set "completion, deepening and enlargement" as the three main objectives for the EEC nearly 12 years ago.

The Foreign Secretary argued that now was the time to put two new aims, "renewal and identity," alongside "enlargement." "If we are to succeed we must retain a vision of where Europe is going and of the Europe we want if we are not to become obsessed by our current problems."

He said renewal involved modifying, adapting and strengthening existing policies and developing new ones where necessary. Restructuring the budget and changing the CAP would be the basis of such renewal and the British presidency was aiming for "decisive progress" over the next six months.

Renewal, however, would also require moves to complete the common market so that services such as insurance, banking and air travel share advantages long enjoyed by manufacturing industry. Finally, regional and social policies must be adapted to meet the needs of the decade.

Meanwhile, the accession of Spain and Portugal, whose membership associations will move slowly forward during the presidency, would "crown their return to democracy" and at the same time strengthen Europe.

Turning to Europe's identity, Lord Carrington said it must be re-confirmed so that Europe would play the role in the world "which other nations expect of us." Economically, he said, Europe's identity would be apparent at the seven-nation Ottawa summit this month where its trade problems with Japan will be tackled "realistically and firmly."

Smuggled documents seized in P-2 affair

By Rupert Cornwell in Rome

ITALIAN MAGISTRATES have arrested Sna Maria Grazia Gelli, the 25-year-old daughter of Sig Lucio Gelli, fugitive grand master of the P-2 Freemasons lodge. She faces charges of political espionage and belonging to a criminal organisation.

This latest bizarre development in what is by any standards among the most bizarre of post-War Italian scandals, follows the seizure of five packages of documents relating to the P-2 affair, contained in a false-bottomed suitcase which Sna Gelli had with her when stopped by customs police at Rome's Fiumicino airport on her return to the country.

The documents, according to reports here, contain not only Swiss bank statements in the name of various (unnamed) Italian politicians and political parties, but also what would appear to be a secret report in English purportedly drawn up by the U.S. Central Intelligence Agency on various attempts to destabilise Western Europe and Italy.

Sna Gelli underwent lengthy interrogation by magistrates in Rome before being charged and transferred to the capital's top security Rebibbia prison.

The mystery remains, however, why she should have attempted to smuggle such documents into Italy, in the knowledge thats he was likely to be thoroughly searched as soon as her identity became apparent. Sig Gelli is also facing espionage charges but has gone to ground, almost certainly in South America where he has numerous business and personal connections.

Matters are not made any clearer by the struggle under way between magistrates in Rome and Milan over which city's prosecutor's office should have responsibility for the P-2 investigations.

The Milan judiciary fears that Rome's brazen bid for total control, on the basis of the more serious (though unproven) charges of espionage which it has levelled against Sig Gelli and his daughter, is the prelude to what could turn into a mammoth, politically inspired cover-up.

Community may alter proposals for Afghan peace talks

BY JOHN WYLES

THE European Community may soon be ready to make important changes to its proposals for an Afghanistan peace conference in a bid to secure the Soviet Union's agreement to participate.

This was signalled in Strasbourg yesterday by Lord Carrington, the British Foreign Secretary, who was at pains to stress that the EEC's initiative was still alive despite the stony reception given it by Mr Andrei Gromyko, the Soviet Foreign Minister, in talks in Moscow on Monday.

Lord Carrington said at a news conference that he would be discussing the proposals again with Mr Gromyko at the United Nations

In the meantime, EEC foreign ministers will discuss next Monday possible amendments designed to secure Soviet agreement. Lord Carrington would not be drawn on details, but neither did he rule out the possibility of Afghan participation from the very start of such a conference. This would be dependent on Moscow's acceptance that the Kaemal regime in Kabul could not be regarded as the country's sole representative.

The EEC plan currently envisages a two-stage conference at which the initial proceedings, without Afghan participation, would be directed at ending Soviet intervention and providing safeguards for the country's future independence and non-alignment.

The Moscow position is still that Mr Babrak Karmal, the Afghan President, must be involved from the very beginning. But, as Lord Carrington stressed repeatedly, the Soviet Union has not yet vetoed the idea. He and his officials also implied that the EEC might be ready to change the suggested participants in the first stage of the conference. These were originally envisaged to be the permanent members of the UN Security Council, plus India, Iran and Pakistan, together with UN and Islamic states' representatives.

Lord Carrington was apparently encouraged by the fact that the discussions in Moscow on the proposals took up an entire morning, and that Mr Gromyko seemed to be choosing his language very carefully. But officials are still unable to conclude whether the Soviet Union is ready to go on fighting in Afghanistan indefinitely and, therefore, has no real interest in these proposals, or whether it is gradually beginning to define an opening negotiating position.

Poles battle for workers' control

BY CHRISTOPHER BOBINSKI IN GDANSK

AS world attention focused on the one-hour warning strike by Polish dockworkers in the Baltic ports yesterday, a meeting of far greater long-term significance was taking place nearby at the Lenin shipyards in Gdansk.

The meeting was the first national conference of the Polish Workers' Control Movement. This groups together representatives from over 150 industrial plants where workers' management councils are being set up.

It is the first stage in an attempt to set up workers' self-management in Poland and represents a challenge to traditional central control over economic decision-making.

Despite presenting far-reaching economic reform projects the authorities are still loath to hand control of management appointments to the workers.

Nor are they ready to countenance complete independence of enterprises regulated only by financial instruments such as taxes and interest rates.

Draft laws on workers' self-government and the status of enterprises were sent to Parliament last week for discussion. They leave loopholes through which the government could in practice cut the effective decision-making powers of the workers and the managerial independence of enterprises.

Yesterday's Gdansk meeting was organised by the Solidarity "network" of 17 large plants. It was established in April and includes the most important factory in a given area.

The network, which is a powerful pressure group, is difficult to ignore by both the party and the union leadership and has been working on the issue of workers' control since April.

Solidarity members are active in the movement, but it is recognised that the workers' councils would represent the whole workforce and would decide on the key economic decisions facing their enterprise.

The Solidarity union would limit itself to defending its members' interests.

The workers' control movement reflects a growing exasperation at the lack of visible action by the authorities to stem the economic decline.

After strikes last summer it was thought that the mere establishment of trade unions to defend workers' rights would be sufficient to bring improvements.

But economists like Mr Leszek Balcerowicz, who spoke at yesterday's meeting, see workers' control as the only way of defending the independent status of the enterprise against the encroachment of the central Administration once reforms are enacted.

Worker self-management can only work, he told the meeting, if the economy is decentralised. But Mr Balcerowicz warned that independent enterprises under workers' control must also be self-financing.

Yesterday's meeting took place against the background of a threatened four-hour warning strike today by employees of the Polish airline Lot. This is seen as a test case of workers' control, in that the strike is over the right of employees to elect their own managers

Anthony Robinson adds: The belated final communique issued three days after the conclusion of last week's ten-nation Comecon summit in Sofia implies that little of substance was decided.

A decision was reached to hold a top-level meeting at party secretary level but no date was fixed. Joint assistance for development of the Cuban sugar and citrus fruit industries was also announced together with vague plans for co-ordination of development in communications and computer peripherals.

Officially there was no discussion of joint Comecon assistance for Poland. Comecon secretary, Mr Nikolai Fadeyev, said that Comecon countries are working out bi-lateral arrangements with Poland.

Despite the blandness of official speeches and the final communique, however, this summit underlined the importance of Soviet energy and raw materials to Comecon economies. It also paved the way for subsequent meetings at which the Soviet Union could well give general approval for economic reforms on lines already undertaken by Hungary.

This approval could be given in return for pledges of loyalty to the Soviet Union, increased Comecon supplies of sophisticated plant, machinery and foodstuffs, and more Comecon investment in Soviet energy exploration and development.

Bid to restart fish negotiations

BY OUR BRUSSELS STAFF

BRITAIN yesterday called for a special meeting of EEC fisheries ministers in a first attempt to restart the negotiations on a common fisheries policy which broke up in disarray earlier this year.

While Britain emphasises that the meeting is expected to have a "low-key" agenda, excluding the contentious issues that have defeated the six-year effort to establish a CFP, the meeting is a serious effort to restart the central negotiations by quickly bringing together all 10 ministers, several of whom are newly appointed.

The fisheries issue, which has long disrupted attempts by both Britain and France to improve relations, has become a priority for the British Government.

Mrs Margaret Thatcher, the UK Prime Minister, following a private meeting with President Francois Mitterrand of France at the European summit last week, declared that Britain would make a special effort to create a common policy during the current six-month presidency of the Council.

The negotiations are often seen as an Anglo-French dispute because of the heated argument over Community-wide access to British waters, but they also seriously involve the other EEC countries, notably Denmark, West Germany, Belgium and the Netherlands.

Despite efforts at yesterday's meeting of the Ten's Permanent Representatives to contain the special agenda to relatively non-contentious subjects, West Germany submitted a formal request for the EEC-Canada fishing arrangemtns to be discussed.

● International Business Machines has failed in an attempt to block anti-trust investigations against it by the European Community, officials told Reuter in Brussels.

Kipper revival: Lamb impasse, Page 3

Brussels call to step up nuclear fusion research

BY LARRY KLINGER IN BRUSSELS

THE European Commission wants substantially more spent over the next five years on the European research programme into nuclear fusion as a possible commercial energy source.

It decided in Strasbourg yesterday to ask the EEC Council of Ministers to increase spending to about £360m for 1982-86 against the present commitment of about £204m in the current five-year programme. About £188m would be earmarked for the Joint European Torus (JET) experimental project based at Culham in Britain.

The proposals are in line with those recently submitted by the European Fusion Review Panel, the committee of 11 energy industry executives and university experts set up by the Commission at the beginning of this year.

The panel calls for:

● Pushing ahead as fast as possible with the construction and operation of JET, the experimental programme attempting to control the tremendous heat produced by fusion within a magnetic field.

● Beginning a substantial programme of research towards establishing the Next European Torus, the prototype stage of JET.

● Stepping up research through new projects on other confinement alternatives.

● Continuing international co-operation with the U.S., the Soviet Union and Japan.

AP adds from Vienna: The International Atomic Energy Agency's board of governors has failed for a second time to elect a successor to Mr Sgvard Eklund (71), who has been director for two decades. It will make a third attempt on August 24.

Two candidates remain from a list of at least six. They are Herr Hans-Hilger Haunschild, the West German representative, and Sr Domingo Siazon, a Philippine delegate. The board's impasse apparently centres on long-term strategy.

Diana Smith, in Lisbon, reports on Government efforts to restore economic order

Portugal aims to slow down growth

PORTUGAL'S financial authorities are still working from estimates for the 1980 payments deficit, thanks to the sluggish flow of Portuguese trade statistics. Those estimates are becoming more depressing with every month.

The latest figure—$2.1bn, compared with a 1979 payments deficit of $34m and a 1980 forecast of $700m—has driven Sr Francisco Balsemao's Government to decree a drastic cut in economic growth targets. The aim is to try to slow down imports and keep the trade account from getting out of hand.

Having originally set a goal of 5 per cent growth, compared with a 4.8 per cent in 1980, the authorities now want 2.9 per cent. This is a sharp drop in aspirations but, as they point out, almost three times the average of the Organisation for Economic Co-operation and Development (OECD) rates. It is thus not as harmful to medium-range goals as it might seem. Portugal is obliged to grow faster than most nations so that when it joins the European Community in 1984 it does not join as a limping passenger.

If import-pegged growth can be held back, the financial authorities estimate the 1981 payments deficit can be kept to about $1.7bn. T his, they feel, is manageable, albeit discouraging, and within boundaries which should retain the confidence of the foreign creditors on which Portugal depends for loans. The Government is even now negotiating a $1bn medium term loan fro mthe IMF.

Sr Balsemao . . . facing up to realities

In 1981 servicing of the $8bn foreign debt has become more of a burden because of high interantional interest rates and the stronger dollar. Because of the strong dollar, Portugal will also benefit little from falls in crude oil prices.

The problem has been compounded by small but regular devaluations partly designed to keep Portuguese exports and tourist facilities attractive.

Earnings from tourism are a major asset for the invisible trade account—about $1bn in 1980—and 1981 promises to be another excellent year for tourism.

But visible trade is less promising. In 1979, exports grew by 27 per cent. But the 1980 recession in Europe, which takes 72 per cent of Portugal's overseas sales brought export growth to a crawl at 5 per cent. Meanwhile oil imports doubled in value. The authorities consider Portugal will be lucky to see export growth of 4.8 per cent in 1981.

Long drought

The prolonged winter drought will add $315m to the imported food and animal feed bill. Heavy imports of French electricity and added quantities of fuel oil to offset losses of hydro-electricity have augmented drought related import costs. The effects of the blistering June heatwave are also likely to be felt in the trade account.

It will not be easy for the authorities to limit economic growth. Some experts doubt whether the reduced target will be matched by year-end figures. Industry is gathering a strong momentum of its own. Domestic demand is rising after a small improvement in real wages last year.

Although the economy is in a serious state internally and externally the media do little or nothing to inform the public of this crisis, and prefer to dwell on party politics.

Efforts to contain growth and consumption will focus on tighter control of bank lending. Ceilings on lending were wildly exceeded in late 1980 when minds were more on electioneering than administration. This left the Balsemao Government, which took office in January 1981, with the sticky task of practising what its predecessor preached, and exercising real credit squeezes.

The Government has also taken the rap for soaring prices of public utilities, food, transport and energy after the artificial, election-oriented controls in 1980. These reduced inflation from 24 per cent in 1979 to 16.6 per cent in 1980, but built up price pressures that are now being released. Opposition groups, particularly the communist unions, are making political mileage out of this.

Nevertheless, the financial authorities still hope to keep inflation to 16 per cent in 1981. After a rise of over 2 per cent in the month of April (when prices of a wide range of essential foodstuffs were taken out of the subsidised "shopping basket") inflation fell back to 0.57 per cent in May—leaving a current year on year inflation rate of 15 per cent.

The need to clamp down on growth and consumption coincides with the Government's promise to liberalise the economy and modernise Portugal. These aims may be very difficult for the Balsemao administration to reconcile, not least because of squabbling among the Government's putative social democrat and christian democrat allies.

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More labour talks called as Australia crisis deepens

BY COLIN CHAPMAN IN SYDNEY

AUSTRALIA appears to be heading for its most serious bout of labour unrest in a decade, following the collapse of the country's wages policy.

A second announcement in two days went out yesterday calling employers, unions and Government to urgent talks to tackle the current nationwide wave of industrial disruption, which rough estimates say involves 50,000 people.

Strikes and other industrial action over pay is at present hitting Australia's uranium exports, ports, Ford production in Melbourne, tax payments and television. Unions are threatening to resume national action soon in telecommunications and transport.

Public transport will be disrupted throughout New South Wales next week and cinemas in Sydney will close this weekend. Storemen and packers employed by the Australian national Egg Marketing Board are on strike.

Yesterday, blackouts spread throughout Queensland as power workers disrupted supplies.

It was announced yesterday that employers, trade unions and Government leaders are to meet at a special summit conference, probably in Melbourne, on July 29 to try to find a way out of the industrial chaos that has afflicted the country for the past few weeks. The move was decided by the Government's main economic advisory body.

The meeting will be over and above the emergency conference on wage guidelines called by the Arbitration Commission's President Sir John Moore for July 17.

The disputes now affecting the country are almost too many to report separately, but one of the latest involves a threat to TV coverage of the Royal Wedding on July 29.

Another dispute involves national mail services because of work bans by postal workers who want an 8 per cent pay rise and a A$25 (£13) a week industry allowance. Ford workers in Melbourne have been laid off because of a strike

A national transport strike, which would hit road haulage, beer, milk, food and garbage services, is being threatened next week by the Transport Workers' Union.

Millions of dollars of tax revenue could be held up because of overtime bans by clerks, because of a Federal Government decision in April to cut staff by 2 per cent.

The key port of Melbourne is at a virtual standstill, with 8,000 containers lying idle.

Public sector unions have also threatened to resume disruption of phone and telex services if the Federal Government goes ahead with its threat to stop payroll deduction of union fees.

The mining sector is also affected. Unions are imposing a ban on all export of uranium, and the Government is trying to arrange for supplies to leave covertly, and is planning an air lift of yellowcake via Singapore to customers.

Maputo pilot 'lands MiG in S. Africa'

By Steven Friedman in Johannesburg

THE PILOT of a Russian-made MiG-17 aircraft, purportedly belonging to the Mozambique Air Force, has landed in South Africa, and asked for political asylum, the South African Minister of Defence, Gen Magnus Malan, said yesterday.

The pilot's nationality was not immediately disclosed.

According to Gen Malan's statement, South African aircraft yesterday morning intercepted a MiG-17 which was flying over South African air space.

The pilot indicated by means of hand signals that he wished to land and he was escorted to Hoedspruit air base near the Mozambique frontier by South African aircraft.

On landing, the pilot requested political asylum in South Africa, and later said that the MiG was owned by the Mozambique Air Force, Gen. Malan added.

While some pilots in the Mozambique Air Force are blacks born in Mozambique, there are still several white former Portuguese nationals flying Mozambiquan Air Force planes.

Iran 'recaptures border town'

BY TERRY POVEY IN TEHRAN

IRAN claimed yesterday to have retaken an important border town from Iraqi forces during continuing fighting in its central western regions.

According to the State Radio, the town of Nowsud had been in the hands of counter-revolutionaries, meaning Kurdish guerrillas, or Iraqi forces since the Iranian Revolution 29 months ago.

Apart from a series of claims in recent months to have captured strategic ranges of hills and mountains, this is the first major success reported on the western front of the Gulf war for some time.

Nowsud, which lies virtually on the Iran/Iraq border some 80 miles north-west of the city of Kermanshah, was a stronghold of the autonomy-seeking Kurdish guerrillas from February 1979 until some time after the start of the war.

AP reports from Beirut: More than 40 aspirants have formalised their candidacy for Iran's July 24 Presidential elections to replace the ousted President Abolhassan Bani-Sadr, the Iranian Interior Ministry announced.

Pakistan seeks to reschedule £37m debts

By Our Foreign Staff

PAKISTAN is seeking to reschedule nearly $70m (£37m) worth of debts to three Governments, members of the World Bank's aid-to-Pakistan consortium. West Germany, France and Canada are expected to agree to deferred repayment of sums amounting to $60m (£31.7m), $6.3m and $3m respectively.

This brings the total requested by Islamabad from the aid-to-Pakistan consortium for rescheduling this year to $243.7m.

This sum is in line with the agreement between Islamabad and the aid consortium, outlined in January, that Pakistan should annually reschedule between $200m and $250m of its development debts to cope with its balance of payments problems.

Zimbabwe fuel rationing likely

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE may have to impose temporary restrictions on fuel consumption because of transport difficulties on the Zimbabwe railways, and derailments on the South African and Mozambique systems.

Zimbabwe at present imports all its fuel by rail mainly from South Africa, though a growing proportion of fuel is now being imported by rail from the Mozambique port of Maputo, thereby reducing dependence on South Africa.

Parliament was told yesterday that because of transport problems, fuel imports had been halted for 10 days. Diesel supplies have already been restricted and customers are being rationed to 80 per cent of their average consumption for the five months from January to May.

Fuel supplies had fallen to low levels, and there might even be temporary "stock" crises in some centres in Zimbabwe, Parliament was also told. The Government was anxious to avoid restrictions if possible, but "temporary precautionary restrictive measures" might have to be imposed.

● Mr Enos Nkala, Zimbabwe's Finance Minister, threatened yesterday to detain or deport Mr Ian Smith, the former Rhodesian Prime Minister, for allegedly "exaggerating the country's economic difficulties."

He said Mr Smith had forecast an inflation rate of 20 per cent, when the true figure was below 10 per cent.

Begin may appoint Sharon to Defence post

BY DAVID LENNON IN TEL AVIV

ISRAEL'S outgoing Prime Minister, Mr Menahem Begin, is virtually assured of heading Israel's new coalition Government, having persuaded two rival minority parties to sink their differences and agree to work together under him.

The Premier's lieutenants are so confident that the coalition is now sewn up that they are already talking about likely Cabinet appointments. The most controversial of these is the possible choice of the hawkish Mr Ariel Sharon, as the next Defence Minister.

As expected, Mr Begin has won the agreement in principle of the three small religious parties to join their total of 13 Knesset seats to the 48 won by his Likud bloc to give him a 61-seat grouping in the 120-member Knesset.

The new coalition will be nationalist-clerical in its make-up and should prove hard-line on security issues and relations with the Arab states. There is little likelihood it would agree to any concession on the key Palestinian issue.

The religious partners are demanding that the Government agree to pass new laws to tighten Sabbath observance, and generally intensify the links between synagogue and state.

The formal announcement of the Premier's success in creating a new Government will not be made until next week at the earliest, after Mr Yitzhak Navon, the President, has invited Mr Begin to set up a new Government.

The Premier is also hoping to recruit the two-member faction of Mr Moyshe Dayan, the former Foreign Minister, to the coalition. Likud is also trying to persuade the three Knesset members of the extreme Right-wing Tehiya Party to support the Government from outside the coalition.

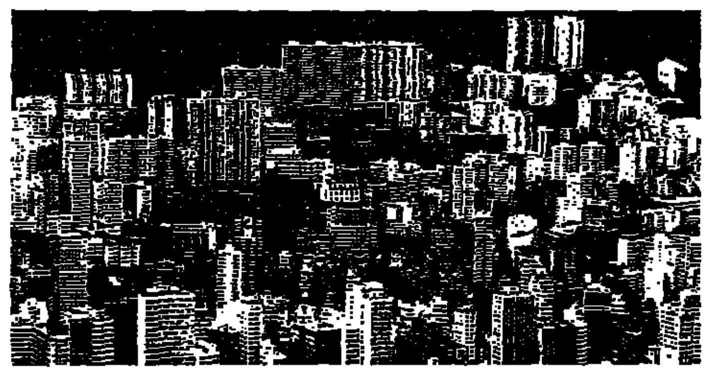
The breakthrough came yesterday when the National Religious Party dropped its opposition to serving in a coalition with the Tami Party which had been created on the eve of the election by dissatisfied NRP members.

The Tami leader, Mr Aharon Abuhatzira, the Religious Affairs Minister in the outgoing Government, met the Prime Minister yesterday and said afterwards that he was in favour of joining a Begin-led coalition.

Kevin Rafferty reports on the price paid for property speculation

Rent rise protests hit Hong Kong

HONG KONG'S biggest landowner, the Government, is coming under strong criticism for its failure to dampen rocketing housing rentals. In the face of government proposals to decontrol rents on luxury apartments foreign companies representing manufacturing investments of HK$2.55bn (more than £230m) have theratened recently to pull out of the colony.



Property is now the biggest of big business in Hong Kong. Property companies dominate the stock market; their owners are the latest and richest generation of millionaires. And the Government's pivotal role in all this is reflected in the handsome HK$10bn it made from land sales last year.

One senior executive of a company whose interests include property says there is "no way" his group's general and trading interests could keep pace with the profits sought by shareholders: only property could.

Rentals of private accommodation have been controlled for some time, but from December 18 the Government plans to lift controls on flats of a rateable value of HK$80,000 or more, roughly equivalent to rent of HK$25,000 (£2,340 a month).

From December next year the controls will be lifted on flats with rateable value of HK$60,000 or more.

Rents of controlled flats will be allowed to go up by a maximum 30 per cent over the next two years, compared to the maximum permitted increase of 21 per cent over the past two years.

According to official figures, only 2,500 luxury flats will be affected by the decontrol measure, but opponents of the legislation contend that the backwash will be felt throughout the market. Prices will rise and competition may be particularly fierce for medium-range flats.

Already Hong Kong rents are the highest in Asia. A survey by the SGV group of general consultants found that the monthly rent per square metre for a new lease on a three-bedroom apartment or house "in a neighbourhood suitable for expatriates" was US$21.5 in Hong Kong compared with $21.4 in Tokyo and only US$14.4 in Singapore, $4 in Manila and $2.6 in Kuala Lumpur.

An American executive commented: "Hong Kong is becoming a hardship post. The sizes of apartments are poky and the rents are just astronomical."

A Swiss businessman said that for the monthly rent of a so-called luxury flat in Hong Kong he could lease a much bigger and more luxurious apartment in Switzerland for a year.

Against expatriate protests, the Government claims that unless controls are ended there will be no incentive for building new flats. In introducing the Bill setting out the revised controls, Mr Donald Liao, the Secretary for Housing, commented that the controlled rent of the average tenancy has fallen "to about 35 per cent of the fair market rent." One leading newspaper protested: "Pardon the quibble, but what precisely is 'fair' about current market rents?"

The problem is that house-building in Hong Kong has become part of a great speculative gamble in which the Government plays its own part. The Government has a key role in the amount of land it lets on to the market and the minimum price at which it is prepared to sell.

In Hong Kong the sale price of a flat is rarely determined on the basis of the land price plus building costs plus a reasonable profit.

Frequently, developments are sold on the basis of a small deposit some time before building starts. The units are then traded several times, each time at a higher price, before building is completed.

Since 1973 the general cost of living in Hong Kong has gone up by about 80 per cent: the cost of building index has risen by 2.5 times.

Expatriate protests are based on the fact that in the same period, rentals of luxury apartments have risen from about HK$8,000 a month to about HK$45,000. Sale prices of such flats have risen from about HK$800,000 in 1973 to about HK$7m.

The big property companies tend to buy property for capital appreciation. Even today when the commercial and industrial property market has been going through a lull, speculation on domestic property is continuing.

The effect of high house prices filters right down through the community. Young married Chinese are especially badly hit unless, as is increasingly the case with bright executives, their companies give them a housing allowance.

The Government has a big building programme which last year produced 35,000 units.

But the Government drive has not kept up with the demand, partly because of heavy immigration.

While expatriates are by no means alone in their protests over rent levels, they are a group with a loud voice and a powerful influence on the economy. Their threats to pull out of Hong Kong may be a bluff, but there can be no doubt that companies considering opening up in the Far East will think twice before settling on Hong Kong. The economic consequences of this could be deeply damaging to the colony.

U.S.-Canada battle lines drawn on energy policy

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Congress began two days of hearings in both its Houses yesterday on proposals to impose a nine-month moratorium on Canadian takeovers of U.S. energy companies and to remove any general advantage to foreigners, including Canadians, using credit to bid for U.S. concerns.

The congressional hearings reflect the battle over energy investment policy which is taking shape between the U.S. and Canada. Canada's Prime Minister, Mr Pierre Trudeau, will meet increased U.S. pressure, backed by retaliatory threats from Congress, for changes in Canada's energy policy when he visits Washington tomorrow.

The catalyst for these moves on Capitol Hill has been a series of Canadian bids this year for majority or controlling shares in U.S. energy or natural resource companies, culminating in the dramatic attempt, albeit in vain, by Seagrams to acquire Conoco, the U.S. oil concern.

The irate congressional reaction is intertwined with Canada's New Energy Programme designed to reduce foreign (overwhelmingly U.S.) ownership of its gas and oil industry and achieve Canadian control by 1990.

U.S. complaints centre on the Canadian intention to extend grants for oil and gas exploration in such a way as to favour Canadian or Canadian-controlled companies. The exploration grants, which replace depletion allowances and tax write-offs, increase as the level of Canadian ownership in the recipient company rises.

The Reagan Administration has been urging the Ottawa Government to modify its policy, not only in the field of energy, but it has apparently had little success.

Mr Trudeau will not raise bilateral energy or investment issues when he sees President Reagan tomorrow. According to Canadian officials his visit will be devoted to preparing the forthcoming western economic summit for which Canada is acting as host.

Mr Trudeau: concern with summit issues

But U.S. officials are determined that Mr Trudeau will learn of their discontent. "I'm not sure they (the Canadians) realise the intensity of our feelings on the matter," Mr William Brock, the Special Trade Representative in the White House, said this week.

The Reagan Administration White Paper on trade, which Mr Brock presented to Congress this week, complained of "trade-distorting investment policies," apparently with Canada in mind.

The Reagan Administration also opposes the proposal for a nine-month ban on Canadian takeovers, which has been introduced in both the House of Representatives and the Senate. This it believes is too much like retaliation while diplomatic negotiations between the U.S. and Canada are still in train.

Despite some U.S. Treasury reservations, the Administration is sympathetic generally to congressional proposals that overseas companies should be made subject to the same "50 per cent margin" rule which applies to buying U.S. shares. This stipulates that shares cannot be bought more than half on credit. At present, overseas share purchasers are not subject to any margin requirement.

Such a change would not affect cash-rich companies like Seagrams, officials say. But it would answer some U.S. company complaints that other Canadian firms have been making their multi-billion dollar border raids on credit alone.

The Securities and Exchange Commission supports extension of U.S. margin requirements to tender offers by foreign companies, the Senate securities subcommittee was told yesterday. A senior official said: "We support an amendment to extend the Federal Reserve's credit restrictions to all purchasers of U.S. securities."

The Commission was not in favour of a nine-month moratorium on takeovers of U.S. energy companies by Canadians, he added. It would impose a barrier to the free flow of investment capital into the U.S.

Victor Mackie writes from Ottawa: Mr Mark MacGuigan, Canada's Minister of External Affairs, has told Canadians that he expects no U.S. retaliation over the national energy programme. He told the House of Commons in Ottawa yesterday that the Government did not think every statement in the "very turbulent" U.S. Congress could be taken as an intention on the part of the U.S. Administration.

Iran seeks refund of $50m from Bofors

By William Dullforce in Stockholm

IRAN'S central bank has claimed repayment of close to $50m in advance payments made to Bofors, the Swedish armaments and chemicals group, for a chemicals plant under construction near Isfahan. The claim has been lodged with Skandinaviska Enskilda Banken, which gave guarantees for the transaction.

Bofors withdrew its staff at the end of 1979 after the U.S. Embassy in Tehran had been occupied and concern had grown about the safety of foreigners working in Iran. By then about two-thirds of the plant had been built.

Skandinaviska Enskilda and Bofors have rejected the Iranian claim and now are waiting for further reaction from Tehran. Bofors said yesterday that it had already delivered equipment and carried out work to the full value of the $50m claimed.

It was now up to the Iranians to offer adequate guarantees for the security of Swedish staff and to make further payments, if they wanted the job completed, Bofors said.

The plant is designed to produce basic chemicals for plastics, pharmaceuticals and other chemical derivatives. The original contracts secured by Bofors were valued at about SKr 700m ($150m).

Egypt plans to change import deposit scheme

By Anthony McDermott in Cairo

THE Egyptian Government is planning to modify its import deposit scheme so that importers are paid in Egyptian pounds rather than dollars.

It hopes to strengthen the value of the pound against the dollar.

These measures were reported to have been under discussion at a cabinet meeting yesterday, but no announcement was made after it.

The proposed changes are basically a modification of Decree 15 introduced in June last year, shortly after Dr Abdul-Razzak Abdel-Meguid, the Deputy Prime Minister, responsible for economic affairs—came to office.

This set import deposits requirements—as high as 106 for consumer durables.

The intention was to direct resources in the exposing "own exchange" system fuelled by an increasing quantity of dollars on the market, away from the import of consumer items and towards investment.

PARIS SEEKS TO SMOOTH ROW WITH PEMEX

French peacemakers to visit Mexico

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government is planning to send two of its senior Ministers to Mexico to try to smooth over the row that has blown up over France's cancellation of its oil supply shipments from Pemex, the Mexican state oil company.

The cancellation by Compagnie Francaise des Petroles (CFP), in which the Government owns a blocking minority of 34 per cent, led to retaliatory measures by the Mexican authorities, who have threatened to bar French participation in industrial development contracts. But according to M Claude Cheysson, the External Relations Minister, industrial and commercial relations were continuing.

Following talks with the Mexican Ambassador in Paris, the Government has put pressure on CFP to open talks with Pemex on the oil supply contract.

Pemex has now offered to see CFP, which trades under the Total name, later this month. But neither side has yet indicated whether it will be willing to budge on the crucial differences over price.

CFP called off the deal, in line with a three-month break clause in its contract, following a $2 a barrel increase in the price of Mexican crude to $32.60.

Meanwhile, the semi-official Japanese National Oil Corporation said in Tokyo that it had bought 1.1m barrels of spot Mexican crude oil to add to Japan's Government stockpile held offshore in idled tankers.

● A Franco-Japanese consortium has won a FFr 4.5bn (£493m) contract for a conventional power station in Nigeria. Sited in Lagos, the station will be built over a period of four years by Marubeni-Hitachi, the Japanese engineering group, and Bouygues, the French construction company. It will have a capacity of 200 megawatts.

● Alsthom-Atlantique, the French heavy engineering group, is to supply Cuba with a 330 megawatt oil power station. The deal will be worth about FFr 600m (£54.2m) to France.

Contracts out soon in Parana river scheme

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

CONTRACTS are to be awarded this month for the $8bn Yacyretá hydroelectric scheme on the Paraná River, according to Dr Hugo Lamónica, the Argentine Under-Secretary for Finance.

Front runners for the turbine contract which is expected to amount to some $300m, are thought to be Allis Chalmers of the U.S., a consortium of Japanese and European suppliers lead by Mitsubishi and Energomacheksport of the Soviet Union in co-operation with Siemens and GIE of Italy.

The scheme, a joint venture between Argentina and Paraguay, is nearly as ambitious as the Itaipú scheme, higher up the Paraná River, which is being carried out by Paraguay and Brazil at an estimated cost of $12bn, and which will produce its first electricity in 1983.

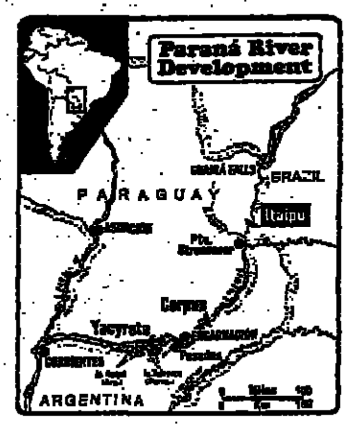
The Yacyretá scheme which has been in the planning stage for nearly two decades has been bedevilled by differences of opinion between the two.

Paraguay has protested that the alignment of the earth dam across the Paraná near the island of Yacyretá would involve the drowning of excessive amounts of Paraguayan land.

The Argentinians suspect that the real reason for Paraguayan objections is that the government of General Alfredo Stroessner in Asunción feels that it has more than enough hydro-electricity for its domestic and export purposes.

Following a meeting between the Argentine and Paraguayan foreign ministers at the dam site last month the Argentine government is confident that progress can be made.

The Yacyretá scheme which includes the installation of 20 turbine generators will be the biggest civil engineering project ever undertaken with Argentine participation.



Peru set to order £10m rail stock from UK

BY OUR WORLD TRADE STAFF

THE PERUVIAN Government is set to order rail stock worth more than £10m from Bremetro, the export sales company linking British Rail Engineering and coachbuilders Metro Cammell.

News of the potential order came during a five-day visit to Peru by a team of British industrialists led by Mr Cecil Parkinson, the Trade Minister. It is hoped that other British export contracts will follow, mainly in the transport, construction, energy, mining and agriculture sectors.

The stock covers 200 mineral wagons and 200 advanced bogeys for use in Peru's central railway link with the Andean mountains.

The deal is to be financed in part by an interest-free British Government loan of £2.67m, to be repaid over 25 years with seven years' grace, officials said.

The balance of the order would be covered by the UK Export Credit Guarantees Department over 10 years at an interest rate of 7.75 per cent per annum.

Britain is now bidding to supply a further 60 wagons needed by the Peruvian state railway company, Enafer, for shipping copper from the Cobrisa mine.

Mr Parkinson expressed Britain's interest in participating in the modernisation and extension of Peru's railways, which Britain built more than 100 years ago. The Minister, who is due in Bogota today to complete a two-week Latin American tour, has had talks with Peru's President Fernando Belaunde Terry.

UK officials said that the visit was aimed at boosting Peruvian-British trade, which had declined during 12 years of military rule preceding President Belaunde's election last year.

In 1980, Peru enjoyed a $50m trade surplus with Britain—based on mineral exports.

Davy McKee to share S. Africa deal

BY ANDREW FISHER

DAVY McKEE (Minerals and Metals), part of Davy Corporation of the UK, has won the project and construction management contract for the R800m (£460m) pulp and paper mill to be built by South Africa Pulp and Paper Industries (SAPPI).

Davy, which won the contract against American and South African competition, will also co-ordinate all of the plant's engineering. The mill will boost SAPPI's total capacity from 600,000 to 880,000 tonnes of pulp, paper and tissue a year.

The SAPPI project is described by the company as the largest single paper industry project now under way in the world, as well as one of South Africa's biggest ever single projects by private enterprise.

Davy McKee will be involved in the project from site clearance at Ngodwana in the Eastern Transvaal through the construction and eventual commissioning of the complete complex, details of which were announced on Tuesday.

It will co-ordinate the contracting work, procure all plant and equipment (including a power station), and take care of rail and road links and mains water supply.

● TAYLOR WOODROW of Nigeria has been awarded four road contracts valued collectively at almost £22m, bringing the value of Nigerian contracts won over the past six months to over £100m.

The largest contract, worth just over £11m, comes from the Federal Ministry of Works and is for the repair and asphaltic overlay of the two northern sections of the Lagos-Ibadan Expressway—one of Nigeria's busiest and most important roads.

Navy plans $120bn build-up

By Our U.S. Editor in Washington

THE U.S. navy has put forward plans for a $120bn five-year build-up in a bid to match Soviet naval power by the end of the decade.

The plan involves building 143 ships, including two more nuclear-powered aircraft carriers and 14 additional nuclear attack submarines, plus 1,890 aircraft, between 1982 and 1986—a 75 per cent increase over the Carter Administration's naval programme.

Four Iowa class battleships would also be reactivated as cruise missile carriers, as well as two aircraft carriers. The plan would enable the navy to meet the Administration's aim of 600 ships by 1987, when it plans to enlarge the fleet still further with newly designed vessels.

Carter attacks Reagan over nuclear negotiations

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

FORMER PRESIDENT Carter reappeared on the political scene yesterday, with his strongest criticism so far of his successor, President Reagan. But while much of the criticism Mr Reagan has taken recently has been concentrated on his economic policy, Mr Carter directed his fire at the President's record on the environment, human rights and nuclear arms control talks with the Soviet Union.

In Chicago on Tuesday, Mr Reagan used a speech to a Republican fund-raising meeting to answer criticism that he has not made a major speech on foreign policy since he took office. "I just don't happen to believe it is necessary to spell out in detail and in advance a formula which will guide our every move in international relations."

He added: "Basically good foreign policy is the use of good common sense in dealing with friends and potential adversaries. We know where we are going and think it might be counter-productive to make a speech about it."

He pointed to successes in the Middle East with the Habib shuttle mission, improved relations with Pakistan, work on a Namibian solution, the Administration's plan for economic aid to the Caribbean and better relations with Europe and Japan as a result of his commitment to "a long-range build-up of our military forces."

Mr Carter's main complaint is that by delaying the opening of arms control talks with Moscow, Mr Reagan is giving the Kremlin an unwarranted but important propaganda advantage. Unwillingness to negotiate would "surely weaken the Atlantic Alliance and severely damage our own reputation as a peace-loving people," he said

Barbudans 'want to be alone'

BY STEPHANIE GRAY

THE CARIBBEAN island of Barbuda looked set to be dragged a step nearer independence last night as the House of Commons in London started debating the Antigua Termination of Association Order. Parliament was being asked to approve the inclusion of Barbuda as part of the new Antigua state.

Barbuda (population 1,500) wishes to remain a Crown territory, and if its efforts fail, it has declared that it will "go it alone."

The move could presage similar consequences for Britain to thoshe of the 1969 Anguilla crisis. Paratroops and London police were sent in to restore order after the island, also reluctant to become independent, attached to St Kitts and Nevis islands, set its entire police force from St Kitts adrift in a boat.

A Barbudan delegation, in London to press its case to Members of Parliament, hopes to separate the island from Antigua through other means.

The delegation, led by Mr Hilbourne Frank, chairman of the Barbudan Council, is confident the island can stand alone, and points to its self-sufficiency over the past year without payment from Antigua. The island survives largely on remittances from the 5,000 Barbudans abroad, and on a village economy.

The British High Commissioner for the eastern Caribbean was sent to Antigua earlier this year to announce that the British Government had no power to separate the two islands without the consent of the Antigua Government. Mr Frank says that this was precisely what was done in Anguilla's case.

The Barbudan Council has expressed anxiety about a recent rapid build-up, from three to 15, of armed police sent to the island from Antigua.

Brij Khindaria, in Geneva, reports on the build-up to talks to be called by Gatt

Spotlight on Japan's role

AN ANALYSIS of Japan's role in international trade, especially the impact of its exports on industry in western countries, will be one of the main points studied during the build-up to a new Ministerial conference likely to be called next year by the Geneva-based General Agreement on Tariffs and Trade (Gatt).

A decision on whether to call such a conference will be taken later this year by the countries affiliated to Gatt. However, a group of leading trade policy officials has recommended that such a conference should discuss "at a political level the overall condition of the international trading system."

In line with an informal UK suggestion, preparations for the conference will include study of how Japan can be brought more fully into a system of internationally agreed checks and balances. The aim would be to prevent it from flooding Western markets with selected products which run local industries into the ground.

Mrs Margaret Thatcher, the British Premier, may raise the issue of whether Gatt's existing rules give adequate protection against imports from countries such as Japan at next week's summit of the West's leading industrial nations in Ottawa.

It is felt that Japan has nearly reached the limits of its highly successful export strategy of "picking the winners"—concentrating on selected industries to establish clear quality and cost advantages and force foreign competitors out of their traditional markets. It may, therefore, be more amenable to accepting internationally agreed trade controls.

Although British, French and Italian manufacturers already enjoy varying degrees of protection against Japanese imports in their home markets, their exports have been pushed out of other European Community markets. The Japanese share of the car market in Belgium, for example, rose steadily from 21 per cent to 30 per cent between January and December last year and is thought to have contributed to plant closures in Belgium by Peugeot-Citröen, Renault and British Leyland.

Mr Arthur Dunkel, director general of Gatt, has now told the Japanese that they should take "a leadership role" in promoting a review of the world trading system so as to strengthen the regulation of bilateral agreements and encourage the settlement of disputes through Gatt. Mr Dunkel's fear is that bilateral deals—such as voluntary export restraint and orderly marketing accords made with Japan by the U.S. and certain European countries concerning car, electronics and television tube exports—will undermine Gatt itself.

Speaking in Tokyo last week, Mr Dunkel said that no country had benefited more from the world trading system under Gatt than Japan and "no country would lose more if the system's effectiveness were allowed to erode."

If Japan and its trading partners now feel that their mutual trading problems cannot be solved by the "defences" available through Gatt, those defences should be strengthened through further negotiations, he said.

Trade curbs placed within an altered Gatt framework of rules would ensure that the criteria used were the same for all countries and would avoid putting "a heavy and unfair responsibility on Japan." The solution to Japan's formidable export performance lay in adaptation to the new competition by affected Western industries rather than in various kinds of marketing arrangements.

Mr Dunkel argued that Japan could not be "fairly accused of maintaining more trade restrictions than other industrialised countries."

However, he felt that Tokyo should take more account of complaints from foreign exporters and set up some kind of investigative mechanism to deal with them. Japan's low average tariff wall hides many peaks on specific products.

Western difficulties in exporting to Japan often stem from difficulties in communication, the wholesale and retail distribution system and the established purchasing patterns of consumers who prefer Japanese-made goods.

Reagan's budget tactics pose dilemma for Congress

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT REAGAN, some Democrats say, is behaving like a tyrant. Outraged by attempts to change established rights and procedures in his quest for budgetary reform, they claim he is riding rough-shod over Congress.

"Incipient tyranny," declared Mr Richard Bolling, a veteran constitutionalist who chairs the House Rules Committee. Other Democrats see a return to the "imperial presidency" that had seemed discredited by Johnson's Vietnam and Nixon's Watergate.

For losers, of course, the grapes are always sour. However the dispute about the legislative process masks a naked political struggle by the White House for spending and tax changes that will outlive the inevitable decline in Mr Reagan's personal popularity. Democrats are battling to resist this.

The extraordinary tactics used by the Administration in the budget battle highlight the bitterness that exists between leaders of the two parties. They pinpoint an important dilemma—that moves to streamline the U.S. legislative process also reduce its independence.

Antagonism focuses not on the fact that the White House has held out special favours to get southern Democrats to defect—such as sugar price supports for cane-growing Louisiana or oil royalty tax benefits for oil-pumping Texas. This is the common coin in which Capitol Hill deals. Rather, the Democratic leaders feel the Administration has hit directly at Congressional autonomy and its treasured committee system.

The result is "something akin to a parliamentary system in which the prime minister's legislative package is voted on with little committee action and limited capacity for modification," say Democrats. U.S. Congressmen know enough about the British Westminster system not to want to be reduced to lobby fodder.

President Reagan, flanked by two leading protagonists in the storm over budget policy: Mr David Stockman (right) the Budget Director, and Mr "Tip" O'Neill the Democrat Speaker

However in a sense democrats have to blame themselves and their own reforms. Before 1974 the authorising committees [which write enabling laws and set overall budget sector ceilings] and appropriations committees [which later fill in the exact outlays for each programme] operated blind and deaf to each other. The sum of individual programmes always bust whatever overall spending corset Congress sets itself. As a result Mr Nixon successfully argued that only the Executive could exercise the needed discipline, and he started to impound certain monies voted by Congress.

To stop this Nixonian sharp practice, the Democratic-controlled Congress passed the 1974 Budget Act in an attempt to discipline itself. This laid out a timetable for the annual U.S. budget marathon—a first budget resolution by May 15 which set non-binding spending targets, a second resolution by September 15 setting binding ceilings, and, if necessary, a "reconciliation" procedure to roll back the spending of any committee which overstepped its limits.

This forcible reconciliation (misleadingly taken from marriage counselling parlance) was supposed to be a last resort. In practice, it has become the first.

Last year, however, Mr Carter helped undermine Congress's safeguards. He proposed, and his party's leaders agreed to, the use of reconciliation at an earlier stage come to grips with spending programmes which could only be cut by change in the law. Such

This year the trend moved on apace. Congress in May agreed in its first budget resolution that all programmes should forthwith—in the authorising stage—be "reconciled" with binding spending ceilings. Because this set out precise cash limits for each programme, it left appropriations committees with no real job to do.

But the authorising committees (13 in the Senate and 15 in the House), concerned to protect their role, sought to find $35bn of cuts in 1981-82 spending. They in fact exceeded their mandate. The House Democratic chairman approved $37bn in cuts, making the Democrats feel that, if anything, they deserved a Reagan pat on the back. Instead they got a slap in the face.

The White House said it did not like the nature of the House cuts. In a few demonic days, Mr. David Stockman, the Budget Director, rewrote the whole package, and rammed it through the House.

It was done in such haste that even the names and phone numbers of some female Congressional staffers were left unexpurgated in the bill that passed. Democrats bitterly called it a "tour de farce."

The result is that all committee action (authorising as well as appropriating) has been rendered meaningless in the House.

Mr Stockman is delighted. Though he spent six years a congressman himself, he is sure that Committees' wings must be clipped in the interest of efficiency.

"Force has to be brought to bear on parochial interests in Congress," he says. He wants the reconciliation tool used in the some manner next year, believing this year sets a precedent.

Meanwhile, Mr Tip O'Neill, the Democratic speaker, is left proposing that House committees hold what he forlornly calls "after the fact" hearings—to tell the country what Reaganism has let it in for.

The Administration argues that Democratic complaints are "self-serving cant." They say Democrats walked into a procedural trap of their own making.

Another assault on Congressional powers comes with the Reagan plan to consolidate a series of individual Federal welfare programmes into bloc grants from Washington to the states.

The states will largely be left to decide how the Federal grants should be spent, thus reducing Capitol Hill's prized power over the purse strings.

But this change also weakens the power of the Executive, which is why the Reagan experiment is so different. Previous attempts to slacken the Congress hold on budget purse strings have been almost solely designed to strengthen the Executive at the expense of the Legislature. In many ways, it seems, Ronald Reagan wants to weaken both.

BBC Radio plans full VHF and stereo network

BY JAMES McDONALD

BBC RADIO plans to make all its services—Radios 1, 2, 3 and 4, English local radio and national regional radio—available on VHF and in stereo by the end of the 1980s.

The cost of the programme will be about £50m. It will involve the re-engineering of all existing VHF transmitters to improve portable and car radio reception, and the building of about 100 new small VHF transmitters to fill gaps in national coverage.

The BBC will also establish new local radio stations at the rate of about three a year, raising the total from 22 at present to 38 in England by 1985-86. Thirty "localised" stations—non-networked and broadcasting for an hour or two a day—will be established in Scotland.

Mr Aubrey Singer, managing director of BBC Radio, said yesterday there were two main obstacles to be overcome. It was essential for the Home Office to stop dragging its feet and to declare its intention to move other services—notably the fire, police and ambulance services—out of part of the VHF broadcasting band in the UK to quite different frequencies.

"We want those services off our band. The need has been accepted but nothing has been done about it."

The project was also dependent upon the Home Office being able to obtain for the BBC an extension to more than twice its present capacity of the frequencies available for broadcasting on the VHF band.

A major step towards planning all BBC radio outlets on VHF could be taken at the international wavelength planning conference which will take place in two stages in 1982 and 1984.

"More VHF spectrum is available. The UK needs to decide how to allocate it," said Mr Singer.

The Government will need to decide what plan it wishes to achieve for the UK in advance of this conference. For a better deal in audibility for the listener, BBC Radio needs more VHF. The extra VHF spectrum available at lon~ last offers an opportunity for achieving this."

The plan involves seeking from the Government a VHF outlet for Radio 1, and new VHF assignments for National Regional Radio so that Radio 4 programmes can be transmitted on VHF throughout the UK.

The most important achievement which could emerge from the wavelength conference would be the end of VHF channel sharing.

"Our VHF will at last give the regular 20m listeners to BBC Radio proper audibility and stereo," said Mr Singer.

"Reception on long and medium wave (on which most people now listen) will only get worse, and this is the main reason for our decision to invest in the development of VHF."

Local ombudsmen seek more powers

By Gareth Griffiths

THE COMMISSION for Local Administration in England (the three local ombudsmen) wants its powers of investigation extended to cover direct complaints from the public, and trading matters such as street markets.

It also wants to be able to initiate investigations into local government maladministration without necessarily receiving complaints.

The ombudsmen are to meet the Environment Department soon to discuss the proposals which are contained in the annual report on the commission's activities in the year ended last March 31, published yesterday. The Department has been considering the proposals since last year, although officials are not keen on increasing the commission's activities.

Complaints over maladministration by local and water authorities made in England last year rose by 12 per cent to 2,434. The number of complaints settled locally between claimants and authorities rose sharply.

The commission found maladministration in 58 per cent of the 315 investigations on which it issued formal reports.

Thriving pirates threaten traditional film makers

Elaine Williams looks at the problems facing Pearson Longman as it joins the list of companies competing in the videocassette market

THE FILM ends and the cinema audience shuffles towards the exits. But the film is not put aside for the next performance. Instead, as the empty ice cream cartons and cigarettes are swept away, the film is passed furtively through the back door to provide the raw material for a thriving illegal industry which is threatening traditional film makers.

From the reels of celluloid film, a master videotape is prepared from which hundreds of illicit videocassettes are made. Within hours the reels are returned to the cinema and no-one is any the wiser.

But the pirate operator may have up to 40 videocassette recorders working 24 hours a day to churn out copies—worth £30 a time—of box office hits like Death on the Nile or the Deer Hunter.

Once these tapes are attractively packaged, they are sold to retailers from garages to greengrocers who cannot distinguish them from legal versions.

Last week Pearson Longman announced that it was to become the latest in a list of companies including Thorn EMI, RCA and the BBC which saw a future for pre-recorded video material. But the main obstacle they face is the pirate operator who has become dominant in the videocassette market.

Sales of pre-recorded videocassettes will become an important revenue earner for both film and television companies. This year the UK market is likely to be around £50m.

The film industry could not survive if it relied on revenue from cinema audiences alone, which have declined over the past 30 years in the UK from 1.5bn attendances to 100m.

Between 35 and 50 per cent of a film's total production costs may be recovered by the sale of television rights. In an industry where seven out of every 10 films fail financially, makers are anxious to seek new outlets for their products.

The illegal copying of film from cinemas is just one form of pirating, which covers mass duplication of films broadcast on television to obtaining master tapes by various underhand means and making extra copies.

Pirates break the copyright law because they have not obtained official permission to duplicate the artistic work of others. Actors, writers, producers and the film companies lose revenue as a result.

Until this year, when film and television companies started to make and sell their own pre-recorded video cassettes, the pirate operators controlled the market. In the U.S. alone it was estimated that pirates earned at least £300m in 1980.

Film and television companies have been campaigning all over the world for stiffer penalties against copyright infringement, which is the main loss of revenue for artists, producers and film companies.

In the U.S. such legislation has been introduced and offenders face jail and a heavy fine. In the UK, the Government is expected to issue a Green Paper this month which sets out its stance on changes in copyright law.

Because the copyright laws, especially in the UK, are considered inadequate, resulting in fines as low as £50 when a pirate has earned thousands of pounds illegally, film companies tend to favour bringing civil actions where they can obtain compensation for loss of revenue.

The extent of pirate operations and the speed at which they work is highlighted by the fact that unauthorised tapes can appear in West Germany or the Caribbean within days of a film being released in the U.S. and six months before its planned release in those countries.

Copies of the television drama Death of a Princess were even reported to have arrived in Saudi Arabia shortly after it was broadcast on British television. The Middle East is the second largest market for pre-recorded videocassettes because of the emphasis on home-based entertainment.

Even this year it is likely that up to half the world market for pre-recorded videocassettes will be supplied by the pirates, compared with more than 90 per cent last year.

Film and television companies are making concerted efforts to oust the pirates before the videocassette recorder market becomes really big business.

The videocassette recorder market is still in its infancy with only around 600,000 machines in the UK, rising to over 1m by the end of the year and an estimated 5m machines worldwide. This year alone Japanese manufacturers hope to produce more than 6m recorders but this will still not satisfy demand.

Britain is the acknowledged centre of the video piracy world and a big exporter of illegal copies. The Motion Picture Export Association of America (MPEAA), estimates that there are at least 5,000 illegal operators in the UK alone. The pirates range from small-time opportunists who own perhaps four videocassette recorders and tapes from television broadcasts, to professional operators backed by funds from organised crime.

Because video pirates tend to ignore national borders, film companies have had to tackle the problem on an international scale. Efforts to catch pirates are spearheaded by the MPEAA, the trade association which represents the 11 main Hollywood film producers.

The MPEAA has set up offices in New York, Los Angeles, Paris, London and Hong Kong and one will shortly open in South Africa, staffed by former police officers who seek evidence about piracy.

Mr Percy Browne, a former chief superintendent who heads the London office, said that last month alone, 2,500 videocassettes were confiscated in 13 raids.

According to the Video Copyright Protection Society, more than 70 pirates have been put out of business this year in the UK and about 200 investigations are going on at one time.

There are signs that the pirates—who once operated overtly—are going underground. In London alone there are between 300 and 400 outlets where pirate films, often of a dubious nature, can be obtained but the number of outlets for legitimate suppliers such as chain stores like Boots, F. W. Woolworth and Dixons, have increased from 300 at the beginning of the year to nearly 6,000.

They get supplies from companies like Thorn EMI, which hopes to take between 15 and 20 per cent of the UK market this year.

Cost of developing drugs quadruples

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE COST of researching and developing a new drug in the UK has almost quadrupled in real terms in less than a decade—from £15m in 1969 to about £58m in 1978.

This is one of the main findings of a review of the British pharmaceuticals industry by the pharmaceuticals sector working party under the aegis of the National Economic Development Office.

The review, published yesterday, hints strongly that there are now fewer drugs coming on to the market because the cost of discovering and developing new medicines has quadrupled.

It spells out the effect of increased research and development costs — particularly on patients suffering from comparatively rare diseases where volume sales of medicines are bound to be comparatively low.

"A rule of thumb in the industry is that lifetime sales of a product—in constant money terms—should be seven times the development cost," the review says.

"Under these circumstances, it appears likely that certain disease areas could represent an insufficiently large market for the pharmaceutical industry to afford to attempt new product development."

But the review goes on to say that the position is not totally clear cut. A number of pharmaceutical companies are able to cross-subsidise less commercially successful drugs with the more successful ones.

The review describes the increasing cost of putting a new drug on the market as a "disturbing trend." It says many companies are spending less on straight research and more on the development of new products—partly because of increased regulatory demands.

Yet figures in the review show that the percentage of sales revenue spent on research and development by the UK drug industry has risen steadily—from 6 per cent in 1970 to 13 per cent last year.

The review, which pays tribute to the pharmaceutical industry as one of the strongest sectors of the UK economy with a contribution of almost £500m to Britain's balance of payments last year, shows that the structure of the sector is changing comparatively rapidly.

The number of larger companies has risen. They account for a greater percentage of the UK industry's total output—72.9 per cent in 1979 as against 64.8 per cent in 1971—and there has been an apparent marked migration of employees from smaller to larger companies.

Trading fund 'would have aided royal dockyards'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE FAILURE of UK governments to accept proposals aimed at making the royal dockyards more efficient had cost the country "many tens of millions of pounds," the Commons Select Committee on Defence was told yesterday.

The dockyards, to be drastically run down under government policy, would have been much more efficient if a trading fund had been brought in, said Sir John Mallabar, who chaired the 1970 Committee on Government Industrial Establishments.

This was a key recommendation of the Mallabar Committee, but Sir John said the running of the dockyards was affected by "a tug-of-war between the civilian side and the naval side."

Asked if he was surprised at the government's latest decision to close Chatham dockyard in 1984 and run down Portsmouth, Sir John replied: "Not a bit." His own committee had also contemplated the possibility that the yard might have to close.

Once the cuts had taken place, leaving Rosyth and Devonport as the main refitting and repair yards, Sir John said he would still favour a trading fund. Under this, the yards would have their own capital and would try to meet set trading targets.

Civil Service union representatives also supported the trading fund idea. They felt it would provide a yardstick to measure efficiency against that of other shipyards

"The Navy regards the dockyards as its garages," said Mr William Wright, deputy general secretary of the Institution of Professional Civil Servants and a member of the Ministry of Defence Council of Civil Service Unions.

Unlike the Navy, he said, the unions saw a commercial role for the dockyards with the introduction of a trading fund a necessary step in this.

Last year's government consultative paper on the dockyards also favoured a trading fund. Employing more than 30,000 people, the dockyards cost about £400m a year and are the largest management area in the Ministry of Defence.

Travel body faces probe

THE Restrictive Practices Court will begin its investigation into the rules of the Association of British Travel Agents, which governs the activities of the majority of UK retail agents and tour operators, in June next year.

The date was fixed yesterday on the joint application of the Office of Fair Trading and the association.

ABTA will be the first service organisation, as opposed to a trader or manufacturer, to face scrutiny under the terms of the Restrictive Trade Practices Act of 1976. The Act was designed to toughen competition policy by extending legislation to services as well as goods.

One of the principal aspects of the case will be the operation of the "stabiliser"—the set of rules which forbids a member tour operator from selling his products other than through an ABTA travel agent and vice versa

De Lorean pays first cheque to Government

By John Griffiths

DE LOREAN, the Belfast-based sports car company, yesterday handed over a royalties cheque for £205,000 to Northern Ireland Department officials, the first such payment it has made in the three years of its existence.

The sum comprises royalties of £185 per car on the first 1,110 cars to be delivered to De Lorean's 350 U.S. dealers. Under the original agreement, in 1978, signed by De Lorean and the Labour Government, £185 will be paid for every car produced up to the 90,000 level, and £45 thereafter for a total period of 10 years.

The company is producing cars at the rate of 175 a week, and expects to hit the target rate of 400 a week—equivalent to an annual rate of 20,000—before the end of this year. It said yesterday that royalty payments by the end of 1982 would reach £5m, representing output of 27,000 cars.

About 1,600 people work at the 72-acre site at Drnmmurry, a few miles yest of the city centre. This is 400 fewer than the 2,00 jobs envisaged as being created by the project, but the target is expected to be met as full production is reached.

De Lorean said yesterday that because 75 per cent of the cars' value is sourced in the UK—*the notable exception is the* Renault-Peugeot-Volvo engine and transaxle—a total of 3,500 UK jobs can be attributed to the project.

The total export value of the vehicles this year is forecast at £68m, rising to £268m by the end of 1982.

De Lorean yesterday produced its own balance sheet. The company has been stung by lengthy crticism of both its potential viability and the size of Government funds. These amount to £26m in fixed asset and employment grants, *£24m in loans*, an £18m equity stake taken by the Northern Ireland Development Agency and £17m in bank guarantees. De Lorean agreed with Northern Ireland officials on the project's benefits to date.

The benefits cover some £6m in employee income tax contributions, payments to utilities, royalties and interest; £17m in orders placed with UK component suppliers; and saving of *Government spending on unem*ployment and supplementary benefit of £12m amounting to a total of £35m.

Mr Don Lander, the former Chrysler Europe chief who became De Lorean's managing director at the end of last year, said yesterday that the first royalty payment was "a significant occasion in the partnership between De Lorean Motor Cars and the Northern Ireland Development Agency.

Commercial vehicle sales drop slows

By John Griffiths

THE steep slide in UK commercial vehicle registrations slowed slightly in June, but not enough *to offer manufacturers any con*solation.

At 17,868 they were 20.24 per cent down on the same month last year, with the market for trucks over 3½ tonnes—continuing, to be worst hit and dropping 26.4 per cent(according to the report by the Society of Motor Manufacturers and Traders.

Over the first half of the year, registrations were 27.56 per cent below the first six months of 1980. The heavy trucks sector was down by 38.5 per cent in the same period.

The share taken by imports has continued to climb, reaching 28.80 per cent in June against 25.37 per cent in the same month last year, and 29.07 per cent in the first half against 23.89 per cent.

Much of the increase is attributable to the success of Japanese light pick-ups and "microvans," which have few direct competitors.

Purpose-built vans including pick-ups and microvans in which the Japanese primarily compete, were down by 12 per cent to 8,764 last month from 9,954, and by 26.2 per cent for the first half, from 64,843 to 47,873. Japan's share dropped back last month to 19.72 percent from levels of up to 26 per cent earlier in the year. *For the year, however, to date* it is running at 23.12 per cent.

UK manufacturers argue that the Japanese vehicles are subject to the same Anglo-Japanese "prudent" marketing agreement as cars — for which this year's "prudent" level is regarded as just under 10 per cent.

Vehicle production in the UK has also picked up, but from depressed levels. Department of Industry car output estimates show a rise in June to 79,000 from 46,000 in May, but still 4,00 below the level achieved in June last year.

Commercial vehicle output also rose to 17,900 from 14,000 in May,

● Leyland Vehicles, BL's commercial vehicles arm, is seeking 600 more redundancies in Lancs.

Lucas Batteries is to make 370 workers redundant at its Formans Road plant in Birmingham in an effort to reduce costs.

Bass and Whitbread dip their toes into Buxton water

BY RHYS DAVID

BUXTON WATER, drunk by the Romans, Mary Queen of Scots, Dr Johnson and Daniel Defoe, is to be made available nationally for the first time.

The move is the result of a deal between the Derbyshire town and Canada Dry Rawlings, soft drink manufacturers.

The company, jointly owned by Bass and Whitbread, will be competing in a growing market alongside other suppliers, including Schweppes Malvern water.

Total demand in Britain last year is estimated to have reached 28m litres, compared with 5m five years ago. Perrier is brand leader with a 65 per cent market share. Nestlé is thought to have about 15 per cent with its Ashbourne Water, also from Derbyshire. Other major brands include Highland Spring from Scotland.

Coca-Cola, a big supplier of mineral water to the U.S. market, has announced plans to supply the UK with Kristal *brand water from Spa* in Belgium.

The advantage claimed for the bluish-tinged Buxton water, and the quality which won it a reputation in the Middle Ages for healing, is its extreme purity.

Unlike some other waters, which are collected on the surface, *Buxton water is* caught on a peak called Axe Hedge above the town and seeps down 5,000 feet through limestone strata before being forced by hydrostatic action through layers of ancient lava to the surface. This process of natural filtration is claimed to take 20 years.

It appears in Buxton at St. Anne's well which took its name 1,000 years ago from the patron saint of cripples. In the 18th century the well was made the centre-piece of St. Anne's crescent, built by the Dukes of Devonshire, who were anxious to develop the town as a rival to Bath.

The town remained a major spa centre throughout the 19th century, attracting visitors from a wide area to take its waters and to bathe *in them.*

Buxton's spa facilities began to lose popularity in the inter-war years and the baths were finally closed in 1966.

The water will be sold under Canada Dry Rawlings Hooper Struve brand name. It will be available in one quarter, one litre and 1½ litre sizes in Bass and Whitbread outlets and supermarkets.

Trade price will be £3 for a dozen one litre bottles. The first case has been sent as a wedding gift to Prince Charles and Lady Diana Spencer.

Canada Dry Rawlings will be putting a relatively small sum, £90,000, into promotion but the company says Buxton water will also appear in its joint campaigns. The amount ow water bottled will be in line with demand and no specific sales targets will be set. The water is still but a version with gas could be developed.

The well produces roughly 7,000 gallons an hour most of which runs into a small stream. The company have to share this supply with several other users, including Buxton's Devonshire hospital, the local swimming pool, and visitors to the well building, now the town's tourist information office.

Canada Dry's supply is being transported by pipeline to a small bottling plant employing five people several hundred yards from the well.

The company is to pay High Peak District Council, the local authority for the area, £2,000 a year for the water. It will also pay Severn-Trent Water Authority a sum relating to the rate of extraction. Further negotiations will take place on payment when the level of demand has become clear over the next 18 months.

Further opposition to Lloyd's Bill

BY JOHN MOORE

THE BILL to improve self-regulation in the Lloyd's of London insurance market should be delayed or perhaps *shelved. C. E. Heath Group, the* insurance broker with big Lloyd's underwriting interests, said yesterday.

The intervention of C. E. Heath, one of the "big eight" Lloyd's broking companies, marks more public opposition to the Lloyd's Bill and will cause a further row in the market.

Earlier this week, Alexander Howden Group, one of the largest producers of insurance *business for the market*, called the Bill "a mess" and said it would be petitioning for changes.

Mr Frank Holland, chairman of C. E. Heath Group, told shareholders at the annual general meeting: "I deplore the haste with which this matter is being rushed through. The present Lloyd's Act may be over 100 years old but it has served us well in that time. It may require amendment now but we do not need to act hastily in revising it."

He added: "It might therefore be no bad thing to shelve the Bill for the moment. It would give the Committee of Lloyd's time to work more closely with brokers on the best approach to the problem and to achieve a solution which, far from dividing the market as the present Bill appears to do, succeeds in uniting underwriters, brokers and members in re-establishing the good name of Lloyd's throughout the world."

C. E. Heath is strongly opposed to the recommendation of a parliamentary committee that brokers should divest themselves of their Lloyd's underwriting interests through selling off their managing agency companies.

It is opposed to another parliamentary ruling requiring that managing agencies, the groups which run underwriting syndicates, should not be able to act as members' agents, the groups which introduce members of Lloyd's to those syndicates.

These two recommendations, says Heath, "are peripheral to the main problem which arises *basically from the fact that* Lloyd's is now operating under out-of-date legislation."

Heath AGM details, Page 24

Fiat executive arrested over Savonita affair

BY JAMES BUXTON AND JOHN MOORE

A FIAT executive has been arrested in connection with the Savonita affair, the alleged insurance fraud involving a shipment of 301 Fiat cars which caused a major row in Lloyd's of London three years ago.

Sig Raimondo Meak was arrested a few days ago in Italy on orders of the Turin Public Prosecutor investigating the affair. At the time of the Savonita incident Sig Meak was commercial manager responsible for export sales and dealt with the Savonita shipment.

His arrest follows that of Sig Enzo Rosina, a Genoa accountant, last month.

The settlement of reinsurance claims arising from fire damage to the Fiat cars on board the Savonita provoked a storm of controversy. In 1978, a question was raised in Parliament on the settlement by Lloyd's of the claim.

An investigation by loss adjusters had shown that the cars were declared a constructive total loss for insurance purposes and then sold to a Fiat dealer in Naples for approximately 15 per cent of their value.

An insurance claim was made against SIAT, the then Fiat controlled marine insurance company, which claimed on its reinsurances at Lloyd's of London insurance companies.

It was found by loss adjusters that the cars were being sold for only 20 per cent less than the full new price.

The reinsurance claims were met in full after Willis Faber *and Dumas, the Lloyd's broker,* helped negotiate the settlement with underwriters. They had taken over the account after a small broker, Pearson Webb Springhett, refused to process the claim.

Firmer signs of trough in recession, says Treasury

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THERE IS now "firmer evidence that the economy has reached the trough of the recession." the Treasury claims in an assessment yesterday.

The Treasury's monthly economic progress report discusses recent economic developments, but does not look ahead to the prospects.

In particular, the report notes the slowing in the rate of decline *of gross domestic product, The* levelling-out in industrial production in the first four months of this year and the Confederation of British Industry monthly trends inquiry for June.

This is said to be "consistent with evidence that the economy has reached the low point of the recession."

The Treasury's summer forecasts, which are not published, are being completed and are believed to indicate only a slow recovery in activity over the next year.

The expected pattern is flatter than, say, the steady upturn projected recently by the London Business School.

The result has been a more cautious tone in Ministerial comments about the economic outlook than was the case around Easter.

For example, in the Commons *last week Sir Geoffrey Howe, the* Chancellor, merely referred to the prospect for "some recovery in output over the next year or so."

In March and April Ministers talked more confidently about a rising trend of output in the next year.

In an analysis from the City, the brokers Rowe and Pitman suggest that some small recovery in output should be evident by the end of the year.

Bad conditions 'no excuse for unfair trading'

BY DAVID CHURCHILL
CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading is to intensify its efforts to ensure that the recession is not used by companies as an excuse to trade unfairly.

Mr Gordon Borrie, director general of Fair Trading, made this clear yesterday when the OFT's annual report was published. He said that "the safeguarding of competition and the rights of consumers is just as important in recession as in times of economic buoyancy."

He acknowledged that there were "understandable pressures" on industry to ride out the storm by adopting practices, such as price collusion, which "in the longer term will inhibit competition and reduce efficiency."

Mr Borrie said his officials were monitoring in particular misleading bargain offer claims by companies and high-pressure doorstep selling tactics. However, he still believed firmly in securing voluntary agreements where possible.

The OFT's annual report shows that, in 1980, Mr Borrie advised the Government on a total of 182 mergers of which 56 were "diversifying" mergers. The financial sector had most mergers (51 with assets totalling more than £15bn) followed by the distribution sector (21 worth £1.1bn).

Electrical engineering continued to be an important area of activity (nine mergers adding up to £1.4bn) and there was a revival of mergers in the food, drink and tobacco sector with 19 mergers totalling £776m.

** Annual report of the Director General of Fair Trading, 1980, SO, £5.70.*

Row breaks out over Touche Ross report

BY ROSEMARY BURR

A ROW has broken out over a report prepared by accountants Touche Ross on a private property company, Hill Structures and Foundations. The report was the basis on which Barclays Bank, the company's bankers, appointed a receiver to the com*pany eight days after its publi*cation in September last year.

The directors of Hill subsequently hired the services of Thomson McLintock, a leading City accountancy firm, to investigate the company's affairs. In contrast to the Touche Ross report which estimated that, as at September 8 *1980, the company had a net* deficit of £2.984m. Thomson McLintock concluded that at that date the company had a surplus of £1.053m. The discrepancy between the reports, £4.037m. was attributable to differences in the treatment of unfinished property developments.

Thomson McLintock concludes that the "group needed *additional* support in the period up to December 1980 but that given that support there was a reasonable prospect, if the group had continued as a going concern, that Barclays Bank would have recovered substantially the whole of its advances to the group by October 1981." It accepts borrowings of around *£5m would have been needed at* the December peak.

Mr Ernest Hill, the former finance director of the company, said: "We were given no opportunity to study the report by Touche Ross. It was quite clear the bank had already made up its mind to put the company into receivership."

Barclays Bank stands by its original decision. It says: *"Absolutely nothing has hap*pened in the nine months since the appointment of the receiver to indicate that the decision was wrong."

Touche Ross does not accept the criticism contained in the report produced by Thomson McLintock, Touche Ross says it "stands by the original report *and the basis on which it was* compiled."

At a creditors meeting yesterday, it was decided that Mr Ian Watt, a partner of Thomson McLintock, should be appointed liquidator of the company. Commenting on his appointment, Mr Ellis, a partner in Touche Ross and joint receiver, said: "We shall naturally supply Thomson McIintock with *all the information relevant to* the company's affairs and we shall be only too happy to assist them in their inquiries in any way possible." Thomson McLintock did not have full access to company documents when it prepared its first report.

Hill Structures, a private company formed in October *1957, specialised in building the* more expensive type of residential blocks of flats in London and the South East.

National Consumer Council plans review of protection laws

David Churchill reports on the latest twist in a long struggle

A REVIEW *of consumer pro*tection laws is to be carried out by the National Consumer Council. It is likely to be finished by the autumn and a report on the findings will probably be published.

The review will be the latest twist in the confrontation in recent years between companies and consumers over whether consumer protection has gone too far.

Concern that this had already happened led to the publication in late 1979 of a specially commissioned study showing the cost of consumer protection laws could be as high as £200m a year.

The debate reflects the rapid advancement of the framework of consumer protection legislation in the 1970s by both Labour and Conservative Governments.

The Conservative Government in 1973 first appointed a Consumer Affairs Minister (Sir Geoffrey Howe) to the Cabinet. This was followed by the Labour Government creating a Department of Prices and Consumer Protection with a Secretary of State (first Mrs Shirley Williams and then Mr Roy Hattersley) of Cabinet rank.

The Labour Government of 1974-79 also established the National Consumer Council and a framework of consumer representative bodies in the various nationalised industries.

All this changed in May 1979. As one of its first political acts, the new Conservative administration scrapped the Department of Prices and Consumer Protection—along with the much-hated Price Commission —and took direct responsibility for consumer affairs out of the Cabinet.

These moves reflected the backlash to consumer protectionism that was gathering pace among leading companies, including Unilever and Marks and Spencer. These companies were associated with the group which commissioned the Economist Intelligence Unit to carry out a study quantifying the cost of consumer protection legislation.

This study was fraught with problems because of the intangible nature of consumer protection costs. Its eventual detailed conclusions of costs ranging up to £200m were heavily criticised by all sections of the consumer movement.

Ironically, the attack on consumer protection costs by business did more than anything else to help unite the consumer movement and give it some direction. Consumer activists were beginning to become restless about the future direction which the movement should take, because most of the legislation they sought had been enacted in the 1970s.

Many feel the movement should consolidate some of the achievements of the 1970s. The argument is that consumer groups have been too swayed in the past by the fact that legislation exists, rather than ensuring that it is being enacted.

Thus, the new consumer council study will seek to find out why consumers do not make more use of their legal rights and in what ways the law needs revising to give consumers a fairer deal.

Mr Jeremy Mitchell, the NCC's director, suggests that special courts and tribunals could be set up to hear consumer complaints, especially about nationalised industries and public bodies.

Another possibility he suggests is to enable consumers to bring so-called "class actions" on the lines of those in the U.S. This litigation takes place when consumers who have suffered from a particular practice take joint legal action. Individually, consumers may have been unwilling to sue because of the costs involved.

Mr Mitchell says consumer protection law is too heavily weighted in favour of the suppliers of goods and services, to the detriment of consumers.

"Those who are supplying goods and services, whether they are public bodies or private businesses, are in an immensely strong position in relation to the individual consumer," he says. *Suppliers could* afford to go to law, could withstand delays, and could outspend their consumer opponents.

A consumer council survey in 1978-79 found that one in 10 of household goods bought by consumers was faulty. Yet in a quarter of these cases, consumers had difficulty in getting repairs made. Many consumers surveyed felt that it was not worthwhile complaining because nothing effective would be done.

Mrs Sally Oppenheim, Minister for Consumer Affairs, does not want to dismantle the consumer protection framework, but she *aims to ensure that* while rogue traders are dealt with by law, companies that trade fairly are not unduly hampered by the legislation.

Mrs Oppenheim has managed to defuse much of the potential bitterness between consumers and companies by her grasp of the legislative detail and her *understanding of the law's role* in this area.

However, the council believes its new study of consumer protection laws will provide useful background for future debate. "It is no good consumers having legal rights in theory if they cannot make use of them in practice." Mr Mitchell added.

Playboy group names Treacher as UK chairman

FINANCIAL TIMES REPORTER

THE PLAYBOY casino and magazine group yesterday named Admiral Sir John Treacher as chairman and managing director of its UK operations to replace Mr Victor Lownes, the colourful and highly-paid former chairman, who was dismissed last *April.*

Sir John said yesterday that his appointment reflected the "change of image" within the company's business style and administration since that date. He hoped to bring "straight forward management and dealing" to the company in an attempt to persuade the authorities that they could have confidence in its operations.

Objections

Mr Lownes was dismissed from his $500,000 (£260,000) a year post following police raids on Playboy's three London casinos. As a result of the raids, the Gaming Board and the London Metropolitan Police lodged objections to the renewal of gaming licences at the Playboy and Clermont Clubs. An objection to a licence at the Victoria Casino is pending.

Court hearings begin on September 14 to decide whether licences will eventually be granted, although the clubs have been allowed to continue operating.

Pressure from the authorities has already led to the closure of casino operations by the Ladbroke group and by the Coral *Leisure group, which is now part* of the Bass brewing organisation.

Grand Metropolitan and Lonrho are currently appealing against the cancellation of licences held by casino companies which they acquired from Coral.

Sir John said his initial appointment will be for a two-year period with a salary of just under £100,000 a year.

He has been given a "clear mandate" to diversify the company into other areas of the leisure industry, which could possibly include hotel operations, marinas and sports complexes.

Playboy was certain to remain in this country regardless of the *outcome of the court hearings*, he said.

Two or three further appointments are still to be made to the five-man UK Playboy board. The appointments were likely to be British subjects since the Gaming Board might prefer this unless there were sufficent other controls on foreign management, said Sir John.

Airline to apply for Scots link

By Michael Donne, Aerospace Correspondent

A MAJOR challenge to the British Airways' monopoly of the air route to Scotland from London's Heathrow Airport is being mounted by British Midland, the independent airline.

The Civil Aviation Authority will start public hearings into an application by British Midland for rights to fly from Heathrow to Glasgow and to Edinburgh, in competition with British Airways' Shuttle flights.

British Midland plans up to six services a day in each direction to each destination, at a *fare of £88 return—£20 less than* the British Airways' Shuttle fare.

The application by British Midland is a major test of the new government guidelines for the Civil Aviation Authority. The guidelines encourage private enterprise and envisage greater competition between airlines on domestic and international routes.

The London-Scottish trunk routes are served only by British Airways from Heathrow and by British Caledonian from Gatwick.

British Midland's flights from *Heathrow will be fully* bookable and have a full meals and bar service. The BA Shuttle has no reservations.

The hearing will be fiercely contested by British Airways, but there will also be repersentations from consumer groups, such as the Air Transport Users' Committee, which see the British Midland bid as an opportunity to achieve cheaper fares on the route.

BR offers day trip fare cuts

By Lisa Wood

THREE MORE cheap ticket offers were announced by British Rail yesterday, including one geared to the Sunday seaside day tripper.

The seaside offer, valid from Sunday until the end of September, offers day-return travel from any Southern Region station to resorts from Sheerness to Poole for an adult fare of £4 and a child's of £2.

A similar offer to Clacton, Lowestoft and Frinton will operate from Liverpool Street.

In the second deal, families and groups of up to five people will be able to take cut-price day trips from London to "21 places of interest in England and Wales" in the summer *holiday* period. Here, from Sunday to September 27, adults will pay only £2 return and children £1, provided one of the group has bought an AwayDay (cheap day-return) ticket.

Thirdly, the high-speed train fare from Bristol to London will be cut on two off-peak services a day.

The fare will be £2.50 single and £5 return over the summer period.

Observer journalists clash with Lonrho

BY ELINOR GOODMAN AND JOHN MOORE

LONRHO, the international trading conglomerate which is acquiring The Observer, has clashed with the paper's journalists over safeguards to protect the editorial freedom of Britain's oldest Sunday newspaper.

It is believed that talks were taking place last night at the Department of Trade with officials, representatives of Lonrho, chapel representatives, Mr Donald Trelford, the paper's editor, and other senior ediorial staff *in a bid to break* the deadlock.

Safeguards

Following clearance of the bid, the Monopolies and Mergers Commission, Mr. John Biffen, Secretary of State for Trade, told Lonrho and the Observer to negotiate between themselves the editorial safeguards recommended by the Commission.

He was prepared to allow a period of time for further consultation on the report before reaching a final decision on the conditions that should be *imposed.*

The journalists and Lonrho are divided over the issue of independent directors. Lonrho appears to have rejected a formula whereby there would be four independent directors on a new Observer board acceptable to the journalists, the editor and Lonrho.

Lonrho is understood to be standing by the recommendation of the Monopolies Commission that at least six independent directors shoul dbe drawn from its list.

The Lonrho nominations for possible election to the board are: Lord Chalfont, Sir John Clark, Lord Cledwyn, Sir Geoffrey Cox, Sir David Hunt, Sir Alexander Johnston, Mr Hugh Stephenson and Dame Rosemary Murray.

Journalists have passed a resolution claiming that Lonrho had refused to "negotiate meaningfully" over safeguards. It claimed that Lonrho's attitude was a "calculated snub" and that editorial safeguards were "wholly inadequate."

Warned

It warned that it would have no dealings with the "so called independent directors" proposed by the commission. And it insisted that at least one place on the board of the Observer be reserved for a member of the paper's editorial staff.

Lonrho met representatives *of the Department of Trade* yesterday and it is understood has warned the Government privately that it may withdraw its bid for the newspaper if ministers try to impose conditions, or take up the journalists' call for greater editorial safeguards.

Ex-Warburg director's case adjourned

BY ROSEMARY BURR

BANKRUPTCY hearings against Mr Andrew Warburg, former director of Norton Warburg Group, have been adjourned until October 27 as the official receiver was dissatisfied with information provided.

Norton Warburg Group, the investment management company, crashed in March with an *estimated deficit of £4 6m, and* its affairs are the subject of a Fraud Squad investigation.

Mr Warburg, now on social security, and described as "a leading light in the Norton Warburg Group," has gross liabilities of £1.723m and a net deficiency of £1.5m.

Mr Joseph Carney, official receiver, said he had received an anonymous call suggesting Mr Warburg had considerable personal valuables well in excess of the £500 of household furni*ture which Mr Warburg said* were his total household effects.

As a result, Mr Carney adjourned the hearing and requested that Mr Warburg provide a full list of his possessions, an analysis of his bank accounts and details on the disposal of money raised from property transactions.

Failure to satisfy the official receiver would result in public examination being adjourned sine die, which would prevent a subsequent discharge from bankruptcy being obtained.

Another former Norton Warburg director, Mr Peter Howland, who told the receiver he was now working for the liquidators, had a net deficiency of £318,000. The case against Mr Howland was closed.

Old Masters fail to find buyers

SALEROOM

BY ANTHONY THORNCROFT

SOTHEBY'S had a disastrous sale of Old Masters yesterday. Most of the top lots failed to find buyers, leading to 56 per cent being bought in.

Bidding on the famous Le Brun portrait of Queen Marie-Antoinette of France petered out at £140,000, well below estimate. Pieter Brueghel the younger's "The road to Calvary" was bought in at £150,000. Works by David Teniers the younger, Boucher and Frans Post also failed to sell.

The top price was the £85,000, plus 11.5 per cent in buyer's premium and VAT, paid for a pair of Canaletto views of Venice.

Chemicals 'muddle' attacked

By Sue Cameron, Chemicals Correspondent

BRITISH CHEMICAL producers yesterday launched an attack against "costly, muddled and bureaucratic" safety regulations being proposed by the Health and Safety Commission.

They are claiming the new rules would be far tougher than those on the Continent and "would constitute an effective barrier to UK trade." British chemical companies would be at "a competitive disadvantage in both home and international markets."

Chemical research would be diverted to other countries and "some sections of the industry would contemplate complete closure," they warn.

The Health and Safety Commission's proposed regulations, published yesterday, follow a European Economic Community directive laying down tests for new chemicals. But the UK Chemical Industries Association insists that the Commission's recommendation go far beyond the requirements of the directive in three vital ways.

They say the EEC directive on testing applies only to new chemicals that are actually put on the market. The proposed UK rules cover intermediate chemicals rarely used by the public. The CIA says some 300 new intermediates a year in the UK would become subject to a battery of tests, costing between £10m and £15m a year—a cost tht would not be borne by competing Continental countries.

The CIA adds that the UK regulations would cover pharmaceuticals, pesticides and foodstuffs—all of which are specifically excluded from the EEC's directive.

Also, the European directive provides for some guarantee of commercial confidentiality about new chemicals. The proposed UK rules do not.

A CIA paper on the planned new regulations says: "A number of companies have indicated that there would be a significant reduction in innovation which is the lifeblood of the chemical industry. They have also pointed out that their concern may result in planning decisions which will justify them moving heir manufacturing bases outside the UK."

It goes on: "The industry fully accepts that adequate and necessary testing must be carried out for al products.

"Our concern includes the cost of excessive bureaucracy and the question of confidentiality. Some of the regulations go further than the directive

Prior may curb pickets

BY MARGARET VAN HATTEM, LOBBY STAFF

MR JAMES PRIOR, Employment Secretary, yesterday admitted for the first time that the Government is considering legislation to restrict rade union immunities in relation to secondary industrial action, in the next session of Parliament.

Giving evidence to the Commons Select Committee on Employment, he said he would consider all submissions responding to the Government's Green Paper on the subject published earlier this year—including a possible late submission from the TUC—and would seek the maximum degree of consent from both sides of industry before preparing legislation.

Mr. Prior said he would have to take account of Section 17 of the 1980 Employment Act, which provides for union immunity in secondary industrial action affecting direct suppliers to, or customers of, companies affected by primary action.

The present degree of immunity allowed in secondary action was "far too wide," he said. It was unacceptable that businesses and livelihoods of no direct relevance to the original dispute should be damaged by secondary action. However, Mr. Prior insisted that he was not considering any moves to restrict primary action.

He did indicate possible changes in the law relating to closed shop agreements. The Government was awaiting a European Court ruling expected in August, and wanted to allow more time to see how the 1980 Act was working.

He was disturbed by incidents such as the case of Joanna Harris, the dinner ladies of Walsall, and the Sandwell case.

These showed that certain "very determined and extreme employers" were still prepared to dismiss employees who refused to join unions despite the financial deterrents provided by the Employment Act against "unfair dismissals" and in spite of the fact that the unions involved did not insist on a closed shop.

It was "disturbing" that local authorities were prepared to use ratepayers money for that purpose and the Government would look at it very carefully if and when it decided on new legislation.

Mr Prior was invited to comment on evidence given to the committee on T uesday by Mr Bill Keyes, of the TUC General Council, who criticised the Government for allowing the TUC too little time to consult its members. Mr Prior said he hoped to receive a TUC submisison immediately after its September conference.

This would allow him sufficient time to take account of TUC views before preparing legislation for the next Parliamentary session. Before publishing legislation he would initiate a further period of consultation based on the new consultative document.

He criticised TUC consultation procedures which, he said, apparently took up more time than those of any of the other bodies preparing submissions. This might indicate a need for changes in the way the TUC consulted its members.

He was anxious to see consultation carried out in a more meaningful way at shop floor level, and had yet to be convinced that TUC procedures produced a genuine and meaningful consultation.

Mr. Prior appeared to rule out the possibility of legislation to enforce the use of secret ballots. He said he would like to see more widespread introduction of secret ballots.

He was deeply disappointed that many unions refused to take advantage of the financial assistance provided for this purpose under Section 1 of the Employment Act. He said any element of compulsion and enforcement posed enormous difficulties and he preferred to relied on the voluntary approach.

LIBERALISATION FEARS

BY OUR LABOUR STAFF

POSITIVE RIGHTS for trade unions would not achieve trade union reform and could result in unions overriding their contractual liabilities to a greater extent than present immunities.

This is the opinion of the Centre for Policy Studies stated in its evidence to the Government on the trade union immunities Green Paper.

The centre, which was set up in the middle of the last decade by Mrs Thatcher and Sir Keith Joseph, says positive rights could also give strikes greater respectability.

Instead the unions' civil law immunities should be removed and they should be given corporate and limited liability status. This would be an alternative to the present system of immunities and to the proposal for giving unions positive rights.

The centre says the definition of a trade dispute should be narrowed so that industrial action in breach of procedures would fall outside the protection this definition gives.

There should be compulsory secret ballots for the election of union governing bodies and for calling—but not for calling off—strikes.

The decision of the European Court of Human Rights on the closed shop issue, which is due this year, should be adhered to and all forms of secondary action should be made unlawful, the centre says.

TUC likely to aid talks on hours

By Our Labour Staff

THE TUC is likely to issue a "check list" to union officials to help them negotiate shorter working hours.

A provisional document advising negotiators on seeking overtime reductions, and trying to prevent reinstatement of overtime when trade improves, will be put to the TUC Congress in September.

The check list urges union officials to study the problems and potential of continuous processing, flexi-time and creation of extra jobs.

Mr Michael Foot, the Labour Party leader, said this week that a future Labour Government might introduce legislation to reduce working hours for certain groups of employees.

The TUC has been discussing the idea of legislation to reduce working hours, but it is far from convinced that this is necessary or desirable.

Difficulties envisaged by some union officials were aired yesterday at a meeting of the TUC's economic committee. The unions see difficulties particularly over the form of legislation, the kind of sanctions it might include, and the possibility of hostility from wide sections of union membership.

The unions would prefer to wait for the results of bargaining on shorter hours, which has had some success since the national engineering dispute two years ago.

Mersey pay dispute 'could threaten jobs'

MERSEY DOCKS shop stewards were warned yesterday to resolve quickly their deadlocked pay dispute or face the prospect of compulsory redundancies.

Cargo-handling in the port of Liverpool, which is facing a financial crisis, was brought to a standstill again yesterday as 3,500 dockers staged a 24-hour token strike in protest at delays in settling their annual pay claim. It is the sixth stoppage in as many weeks. Shipping movement is not being interrupted.

Mr James Fitzpatrick, chief executive and managing director of the Mersey Docks and Harbour Company, which employs 2,000 of the 3,500 dockers in the port, told 200 shop stewards yesterday that time is running out for the company.

Yet some people, he said, seemed to think there was a pot of gold at the end of the road. "It's a form of madness."

Last spring, the port shed 1,300 dockers. Some men with 20 years' service picked up a tax-free £16,000.

The port employers insist that any pay rise must be accompanied by changes in working practices if the port is to survive.

Yesterday's meeting followed the decision by Manchester Liners to pull out of the Mersey at the end of the month and move to Felixstowe, Suffolk.

They were the main operators through the Royal Seaforth container terminal, handling 33 per cent of the traffic. It is estimated that their departure will mean an annual £4m loss of revenue.

With the closures of the Tate and Lyle sugar refinery in Liverpool, the Burmah Oil terminal at Ellesmere Port and the Shotton steelworks, it adds up to an overall loss in little more than 12 months of £7m a year.

Mr Fitzpatrick told the shop stewards representing all sections of the industry that "very soon" there would be no money available to backdate their award to May 1, when it should have been implemented.

Sooner, rather than later, the company would have to consider a further reduction in the workforce.

The stewards were angry when Mr Fitzpatrick walked out of the 15-minute meeting without answering questions. Officials said later they would not be prepared to accept compulsory redundancies after the severe voluntary cutbacks recently.

The shop stewards' committee has arranged a mass meeting in the Liverpool Boxing Stadium on Saturday.

No date has been fixed for a resumption of talks on the pay claim between the port employers and the Transport and General Workers' Union.

BL Cowley move goes unopposed

By Lorne Barling

AROUND 2,000 workers at BL's Rover saloon plant at Solihull voted yesterday by a two-to-one majority not to oppose the shutdown of the factory and transfer of producion to Cowley.

The vote followed a warning earlier this week by BL that disruptive action at the plant, due to be rundown slowly and closed early next year, would jeopardise all redundancy payments above the statutory level.

BL said a plant closure agreement would be negotiated with unions when production resumes after a two-week holiday shutdown beginning tomorrow.

Some equipment will be moved to Cowley during the shutdown leading to Rover production at both centres before the final closure at Solihull, saving around £8m a year.

Benefit staff suspensions follow cheque blacking

BY OUR LABOUR STAFF

A SMALL NUMBER of staff at unemployment benefit offices in Keighley, West Yorkshire, and Kinning Park, Glasgow, have been warned that they will be suspended today for blacking Giro cheques used for unemployment benefit payments.

The Civil Service unions have been picketing a distribution centre at Watford which sends blank Giro cheques to local offices.

These cheques are used by the Department of Employment to circumvent some of the dislocation resulting from action by computer staff at Reading and Livingstone which process more than 90 per cent of unemployment benefit payments.

The unions have co-operated with this but have recently told staff to black blank Giro cheques sent from Watford since the picketing started there and cheques transferred between offices to avoid shortages.

The unions said yesterday that the collection of betting duty in Scotland, totalling £150,000 a week, would now be halted. Collection has already been stopped in England and Wales.

They are also pulling out 60 more staff at the company records office in Cardiff and they said this would halt the updating of microfiche records.

Air traffic engineers working in radar stations near Blackpool, at Manchester airport and in Shropshire will be on strike from 2 pm today until 10 pm tomorrow. Further action affecting the payment of pensions was also announced.

Hospital workers confirm rejection of 6% offer

BY OUR LABOUR STAFF

UNION LEADERS representing more than 100,000 administrative and professional staff in the National Health Service confirmed rejection yesterday of a 6 per cent pay offer.

At a national joint negotiating meeting they pressed for restoration of former traditional pay links with civil servants, broken last year.

The National and Local Government Officers' Association, leading union for the group, said employers rejected any suggestion of a 7.5 per cent increase in line with the offer to civil servants. This was said to take into account job cuts and economies not appropriate in the NHS.

The administrative staff, due for this year's pay settlement more than two months ago, are expected to delay settlement until they know the outcome of the Civil Service dispute and of the ambulancemen's campaign against the Government's 6 per cent cash limit on rises in the NHS.

● AMBULANCE workers in Scotland stepped up their pay campaign with a 24-hour countrywide strike. Glasgow, Edinburgh and much of the central industrial belt were without ambulance services.

This is the first time the whole country has been called out. Some of Scotland's 1,600 ambulance workers were understood to be working normally in rural areas.

areas. No warning was given.

The Scottish Ambulance Service said later that only about 50 per cent of the workers responded to the strike call.

Fisher hits jobless plan

MR ALAN FISHER, chairman of the TUC, said yesterday that the Government's planned £1,000m package to cut youth unemployment would provide only "artificial" jobs.

Pouring more money into youth schemes was "patching-up" unemployment, and did not attack the main causes.

The riots in London, Liverpool and Manchester were a direct result of young people's frustration, he added.

Mr James Prior, Employment Secretary, hopes the package, to be presented to the cabinet in a few months, will virtually end unemployment among school-leavers.

It is understood that he wants to guarantee every 16-year-old leaving school — in 1983-84 — access to a job, further education, or a place in the Youth Opportunities Programme.

Mr Fisher, who is general secretary of the National Union of Public Employees, welcomed any proposals which attempted to solve the problem of youth unemployment, but said that Mr Prior's plans involve jobs which are unreal

Gas Corporation told to sell showrooms

BY IVOR OWEN

THE GOVERNMENT will introduce legislation compelling the British Gas Corporation to stop retail sales of gas appliances and to dispose of its 900 high street showrooms, if the corporation refuses to co-operate, Mrs Sally Oppenheim, Minister for Consumer Affairs, told the Commons yesterday.

The Government's decision to force British Gas out of this profitable retailing sector was angrily denounced by Labour MPs as a wanton political act taken to spite an efficient publicly-owned industry and without regard to the loss of jobs likely to result.

Mrs Oppenheim made it clear that neither Opposition protests nor strike action by the unions concerned would deflect the Government from implementing a decision which, she claimed, would benefit consumers.

Cries of "disgraceful" and "sell out" punctuated her statement explaining the Government's reasons for deciding to require the Gas Corporation to stop retailing domestic gas appliances and to dispose of its showrooms over five years.

She recalled that a report by the Monopolies and Mergers Commission found that the corporation's monopoly acted against the public interest by restricting competition in retailing.

The Commission also found, she said, that the over-dependance of the manufacturers of gas appliances on the Gas Corporation had indirectly led to poor export performance, reduced incentives to improve efficiency, and depressed investment.

Mrs Oppenheim stressed that the five-year period allowed for the disposal of showrooms and phasing out of retailing acknowledged the fact that the three-year period recommended by the Monopolies Commission was too "compressed."

There was derisive laughter from the Opposition benches when she insisted that the Government was anxious to minimise the impact of the decision to end the Gas Corporation's role as a retailer of gas appliances on employment.

"The Government would wish British Gas to maintain some consumer contact points and since they have stated that 80 per cent of showroom staff time is spent on activities other than retailing the number of jobs which could be affected should be minimised."

Mrs Oppenheim promised the Government would consult British Gas and the unions involved *closely about detailed* implementation

She accepted that the changes which would ensue from the Government's decision would represent a radical move

"We believe that as this sector evolves away from its present monopoly dominated structure *there will be positive* benefits alike to the consumer and to gas appliance manufacturers, as competition between retailers develops to meet consumer needs and satisfy consumer demands, providing, as enhanced competition always does, wider choice and better services," she said.

Mr John Smith, chief Opposition spokesman on trade, gave a pledge that the next Labour Government would take the first opportunity to reverse the *decisions announced by Mrs* Oppenheim.

He forecast that the removal of British Gas from retailing would lead to a worse service, a fall in safety standards, higher prices, and poorer choice for consumers.

In contrast to the majority *of Tory backbenchers, who en*thusiastically welcomed the Government's decision, Mr **John Wilkinson** (C., Ruislip and Northwood) warned of the danger of "serious import penetration" as foreign manufacturers moved into the British market."

Hopes fade for end to Maze hunger strikes

BY OUR BELFAST CORRESPONDENT

HOPES for an end to the prison crisis in Northern Ireland receded yesterday after the death of another hunger striker in the Maze Prison, near Belfast.

In spite of the death of Mr Joe McDonnell on the 61st day of his fast, the Government went ahead with *its plan to send* an official into the prison to explain its position to the protesting republicans.

The statement, from Mr Humphrey Atkins, the Northern Ireland Secretary, was read to the hunger strikers. Mr Atkins again said there was scope for limited improvement in the prison regime, but not while the authorities were under duress from the hunger strike.

The statement informed the protestors how they would be *treated if they behaved as* "conforming prisoners," and listed possible improvements on issues such as prison clothing, prison work and association between prisoners.

It added: "Some may doubt the Government's intention to be flexible and humane in applying the existing regime. Some may delude themselves that the flexibility is infinitely extendable into a mirror of the regime for special category prisoners.

"Both are wrong."

The Government's position has remained unchanged over the past week, during which members of the Irish Commission for Peace and Justice have been seeking a formula which would enable the protest to be called off.

Provisional Sinn Fein, the political wing of the Provisional IRA, yesterday accused the Government of creating an illusion of movement towards a settlement.

The five members of the Irish Commission *appealed for* renewed and greater *efforts*" to find a solution.

News of Mr McDonnell's death brought renewed attacks on the security forces in Belfast and Londonderry. The army shot dead a 16-year-old youth during a petrol bomb attack on a bus depot in the Falls Road, Belfast, and elsewhere shorts were fired at troops and the police.

Five hunger strikers have now died in the Maze and seven remain on hunger strike. The first to die was Mr Bobby Sands who was elected MP for Fermanagh—South Tyrone in a by-election in April.

Conservative Party faces £1m deficit

By Margaret Van Hattem, Lobby Staff

THE SERIOUS financial plight of the *Conservative Party* was underlined yesterday when Lord Thorneycroft, the party chairman, predicted a £1m deficit during the current financial year.

In an urgent appeal for funds to the Conservative Association of the Cities of London and Westminster, he said the party had already cut back its spending so drastically that any further cuts would seriously damage its capacity to fight the next general election.

He suggested that industry and commerce were withholding donations because of their disagreement with the Government's economic policies. But he begged them to reconsider.

"Industry and commerce, whether or not they agree with every aspect of our activities, would do well not to deny us the basic research, publicity and the organisation which we need to go forward," he said.

Lord Thorneycroft conceded that Britain's industrial decline had continued since *the Conservative Government* took office two years ago.

But the Cabinet and the Conservative Party had faced these problems with moderation and compassion

Riots in Liverpool will not deflect Thatcher from policy

BY RICHARD EVANS, LOBBY EDITOR

A STRONG reaffirmation that the Government's top priority in the quest for more jobs must be control of inflation was given by the Prime Minister on television last night.

In a Conservative party political broadcast which dealt largely with the problems of unemployment and job creation, but which was changed at the last minute to take account of the riots in Liverpool, Mrs Thatcher said events there had "horrified us all."

"Nothing can justify, nothing can excuse and no one can condone the appalling violence.

"We all k now that violence will destroy everything we value. That is why the violence must be stopped, the law must be upheld and people must be protected. Then we can put these terrible events behind us, repair the damage and begin to *rebuild confidence:* that is the urgent priority."

But there were other pressing concerns, and the most insistent was unemployment.

People could not complain *about unemployment if they* demanded large pay increases and thereby forced yet more redundancies.

She was speaking on the eve of a meeting today of the Cabinet's economic committee which will discuss a proposal by Mr James Prior, Employ*ment Secretary, favouring* a major programme for reducing unemployment.

His package, which it is hoped will be published before the Commons goes into summer recess around the end of July, could involve an increase in spending of around £600m in 1982-83 on top of the £1bn allocated this year for unemployment measures.

A target date is Tuesday, July 28, when unemployment statistics which could approach 3m because of the influx of school-leavers, will be announced.

Mrs Thatcher, in a broadcast aimed at stressing the Government's maintenance of its economic strategy, argued that in the end there was only one way to provide more jobs.

"We have to make more goods, better goods, and do it quicker. We have to produce *things which our own people* will prefer and export things which other people will buy."

She insisted that if there were a valid alternative the Government would have grasped it, but in her view there was no easy way.

"That's why we won't turn back and that's why we believe you want us to succeed."

She admitted it was no wonder there was a huge temptation to go for the simple answer, the convenience cure-all to get the Government to spend and borrow and *print* large sums of money to expand the economy.

"It sounds so caring and compassionate. I *only wish it* were as easy as that. Do you really think we would have rejected the easy way if it had any chance of working?" she asked.

Mr Prior, in a Parliamentary *written* answer, *confirmed* that estimated Government spending in 1981-82 on measures designed to help those groups hardest hit by unemployment would be almost £1bn.

He now expected that the report of the Manpower Services Commission on training arrangements in each sector of the economy would be published before the summer recess.

Unions fight plan to lift Labour fees

By Nick Garnett, Labour Staff

TRADE UNION officials yesterday expressed considerable hostility at a meeting with Labour Party officials to any proposal for increasing the party's affiliation fee from 40p to 50p per member.

The unions appear to have indicated forcefully that if such a proposal — which Labour Party officials have indicated they need to see adopted — was put to the Labour Party conference it would be defeated.

Following the meeting between party officials, including Mr Norman Atkinson, the Labour Party Treasurer, and members of the Trade Unions *for a Labour Victory, union* officials said they did now expect such a proposal would be made.

Mr Alex Kitson, the party's chairman, who was at yesterday's meeting, will report its outcome to the party's national executive committee on Friday.

Further talks are planned, however, between the TULV and the party on possible proposals for voluntary increases in union affiliation fees.

Unions' finances have been affected by inflation and the membership decline resulting from the recession. Some union officials have also been upset at internal Labour Party wrangling.

Benn back on Labour vote trail

By Elinor Goodman, Lobby Correspondent

MR TONY BENN returned to the attack yesterday in his campaign for Labour's Deputy Leadership with a letter to over 600 local Labour parties, calling for their votes in the election.

Mr Benn is still convalescing from the illness which invalided him out of the campaign six weeks ago, but he is due to make a triumphant reappearance at a rally at the TUC conference in Blackpool in September.

There is also some suggestion that he maybe well enough to attend this month's meeting of Labour's National Executive *Committee when key decisions* affecting this year's party conference will be taken.

The rank and file mobilising committee which is running Mr Benn's campaign claimed yesterday that his absence had not affected the momentum of his campaign at all.

Virtually every union conference this summer, they said, had seen major victories for the left on the policy issues in which Mr Benn's campaign is based.

Nevertheless, things have not been going quite so well for Mr Benn among the unions as they were earlier this summer, and the outcome of the election is still in the balance.

The Left must maximise Mr Benn's support in the constituencies, his traditional power base, because the vote in the union section of the new electoral college looks like being finely balanced between Mr Benn and Mr Denis Healey, the current deputy leader.

This would offset Mr Healey's greater strength among Labour MPs.

In his letter yesterday to local parties Mr Benn again emphasised that his campaign was being conducted "on the basis of policies not personalities."

Appealing directly to Left-wing activists he said: "We desperately need the next Labour Government to carry through vigorous socialist programmes to transform society."

He also pointed out that his nomination had been supported by 30 MPs.

Slim hope for anti-racist Bill

A BILL designed to curtail racial hatred on Britain's streets was given a First Reading in the Commons yesterday by 171 votes to 38, a majority of 133. But the measure, introduced by Mr Sydney Bidwell, Labour MP for Southall, stands little chance of becoming law because of pressure on Parliamentary time.

The Bill is designed to give power to local authorities to apply to the Home Secretary for selective banning of marches likely to stir up racial hatred. It also provides for tougher restrictions on the dissemination of race hatred propaganda, Mr Bidwell told MPs.

Whitehall efficiency expert cuts out the wasted time

BY IVOR OWEN

SIR DEREK RAYNER, who is advising the Prime Minister on how to eliminate waste and improve efficiency in the Civil Service, has discovered how to do the same amount of work for the Government while spending less time in Whitehall.

Since being enlisted by Mrs Thatcher—he has the right to report to her direct—Sir Derek has operated from the Cabinet office on an unpaid part-time basis and continues to discharge *his* executive duties as managing director of Marks and Spencer.

He told a Parliamentary press gallery luncheon yesterday that as a result he has had only one week's holiday during the past 18 months, and spent very few weekends or even evenings at home.

Sir Derek said *his* plans to do the same amount of work for the Government in less time were made possible *by a better understanding of the* Whitehall machine.

Amid laughter, he added: "I also know my enemies better."

Sir Derek advocated a move away from the pursuit of perfection in the Civil Service and wider acknowledgement of the value of speedier decision-making even if on occasions, mistakes were made.

"There is no such thing as perfection and I wish we would stop wasting money trying to achieve it" he said.

FINANCIAL TIMES SURVEY

Thursday July 9 1981

Isle of Man

The growth of the island as an offshore financial centre is a key to its economic direction in future as fishing and tourism slip in importance. Hopes are high that a very big name bank will arrive and put the island firmly on the international map

Hugh Routledge

The harbour and town at Douglas. Manxmen aim to win more captive insurance companies

Financial sector goes off the boil

By Anthony Moreton,
Regional Affairs Editor

THIS IS election year on the Isle of Man and as is the habit with politicians everywhere the electors are being treated to a few "goodies." The fact that the island does not have any party politics, as the term might be understood in Westminster, most of the representatives being independents, has not prevented the 24-member House of Keys from indulging in something of a spending spree.

A £12m reservoir project has begun and with it has been allied a hydro-electric power scheme. Some £10m has been spent on strengthening the harbour breakwater, reclaiming land for an oil storage depot and, later, the breakwater will be extended.

Both the reservoir and the breakwater schemes are needed, but there are some people who believe that in their enthusiasm the elected members of the House of Keys have sanctioned associated schemes whose merit or need has still to be proved. But with an eye on November 19, election day, it was deemed politically necessary, they believe to go ahead with projects which will put a strain on local resources.

There is, in fact, a general air of freshness about the island which has been missing for some years. The hotels on the long front of Douglas, the island's capital, have been given a new coat of paint: places like the Rothesay, the Wellington, Edinburgh, Claremont, Mona, Osborne and Windsor (all names redolent of almost any British seaside town) all look spick and span.

There is also new commercial building going on. Celtic House, a four-storey development built by Sir Alfred McAlpine and Son in Victoria Street, with 24,000 sq ft of office space, is almost completed and already has several tenants committed. Victory House, in the same street, is well under way and there are two developments in Athol Street, the heart of the island's financial community.

It is therefore slightly surprising, given these changes, that the island appears to have lost its way economically. Behind the bustle of improvements there is a degree of uncertainty.

That uncertainty centres on the future growth of the financial sector. The Isle of Man's prosperity over the past two decades has arisen directly from its emergence as a tax haven, a phrase that the islanders are not ashamed of using.

Until the late 1950s the traditional industries and main source of income were fishing, farming and tourism. But these were all declining and it was the decision in the early 1960s to cut income tax and provide a home for footloose capital that restored the health of the economy, reversed the declining population and allowed new investments to be made.

Allegiance

The Isle of Man could take such a step because it is not part of the UK. Its constitutional position is that of a crown dependency owing allegiance directly to the Queen. Although its links with Britain are close, too close for some people, the House of Keys and the 10-member Legislative Council have complete sovereignty.

The island now levies direct tax at 20p in the £ and charges non-resident companies an annual fee of £200 but has no capital gains tax, no capital transfer tax and no wealth or surtax.

The consequence of these taxes, and the inflow of financial companies taking advantage of them, was that the finance sector, which accounted for 12.4 per cent of income generated in 1969-70, quickly became the most important single activity and by 1977-78 had accounted for 29 per cent.

Since then, though, the sector has gone off the boil and in 1979-80, the latest year for which figures are available, it accounted for only 21.6 per cent.

There has been a drop in the number of wealthy immigrants, and the number of companies registered has fallen slightly, from about 2,500 in 1979 to about 2,400 last year and the signs are that this year the figure will come out nearer 2,300 and the island has found it very difficult to attract the major international banks that would provide a big impetus.

Some 45 banking licences have been issued but apart from the British clearers most of them lack international punch and there has been some criticism, certainly justified, that the island, in its anxiety to attract in banks, has allowed too many of those in the second rank.

On top of this the island has not been immune from the consequences of the world depression and, as in the UK, has seen its trading income fall and unemployment rise.

Controls

The problems of the business community led to a fall in its contribution to national income in monetary and real terms, but there are some indications that the downturn may have bottomed out and the situation might even have started to move up again. Bank deposits have doubled since 1979 and the removal of exchange control regulations in the UK a year ago seem to have benefited the Manx economy.

There has certainly been no great influx of Euro-dollar deposits into Douglas as have flowed into Jersey in such great amounts but the source of deposits is becoming more international and less UK-dominated. There is no doubt, though, that Jersey was more quickly aware of the "garaging out" undertaken by the U.S. banks and scooped up a lot of the Euro-dollar business.

This again points up the difference between the Isle of Man and the Channel Islands. Because of the quality of the financial community in both Jersey and Guernsey, these islands are able to remain one step ahead of events and push their governments. That push factor appears to be missing, or used conservatively, in Douglas.

Two other factors could substantiate the feeling of change for the better which is about.

Hugh Routledge

Mr William Dawson, Government Treasurer

There is a widespread feeling within the financial community that by the autumn one of the world's great banks will have announced its intention to open offices in Douglas. There is also a belief that one more, possibly two more, of similar standing will follow suit by the end of the year.

Mr William Dawson, the Government Treasurer, will not be drawn on the names which are being considered. But his hopes are high.

He feels that such a bank would help to put the Isle of Man on the map. One of the problems he faces is in getting acceptance for the island at all. So many in the international financial community have simply not heard of the island at all, are unaware of its institutions and unaware of its other trump card, it political stability.

A leading international bank might not employ very many people, but Mr Dawson rightly believes that the spin-off from its arrival would be enormously beneficial.

The second factor on which he pins faith for an upturn is the passage of the Exempt Insurance Bill, which is expected to be passed by Tynwald, the island's ancient parliament, next week and which should be in operation by the autumn.

The island has had one previous attempt to legislate for captive insurance companies and it was not successful. The present Bill allows for the exemption of underwriting profits and investment income from tax whereas at present only underwriting profits are exempt.

Talks are to be held soon between the government and the financial community on how registration will be undertaken and what regulations will be introduced. It is expected that these will be published within the next fortnight or so, which will give a strong guide as to how the Act will work.

Undercut

There could, at this stage, also be some indication of what the insurance companies will pay as an annual registration fee.

The probability is that the Isle of Man will try to undercut the rate set in Bermuda, which, being on the doorstep of the U.S., has managed to scoop this particular pool, made up as it is of so many American companies insuring their own business.

The Manx aim is also to win some of that business which has gone to Guernsey, the second most important market in the world for captive insurance business. Guernsey is thought to have between 100 and 130 captives, a long way short of Bermuda's total, which is believed to number just under 1,000.

What both the Isle of Man and Guernsey can offer is political stability on top of financial probity and Douglas intends to push this advantage fiercely.

The probability is that the Isle of Man will set a fee just under £1,500, which would put it comfortably inside the Bermuda figure of about £1,750.

Any success from winning a share of the captive insurance business will, inevitably, be measured over the next few years. But there is no doubt that the passage of this Bill has caused a lot of enthusiasm and interest.

There is also no doubt that it must succeed. Outside the financial community the island does not provide a rich income for most people and some boost is needed to get the economy moving upward again.

Like nearly all the British holiday resorts, this has been a disappointing summer for the island's holiday trade, one of the mainstays of the economy, despite the considerable income brought in by special events such as the annual TT motorcycle races. So if the island is to prosper the financial community will have to move into a higher gear.

But equally the island will have to promote itself more. There is a disappointing lassitude about when it comes to projecting the Isle of Man, for which the politicians must take the blame. It is to be hoped that the election will return some members who have a greater sense of urgency.

CONTENTS

Government eager to attract more manufacturers

ON THE EIGHT-MILE drive from the airport into Douglas *it is difficult to* imagine that industry plays any significant part in the life of the island. There are some light industrial plants around Ronaldsway Airport itself and a couple of industrial estates on the edge of the capital, but the largest facto— to the casual observer appears to be that making ice-cream. The only smoke disfiguring the landscape comes from one of the ferries in the harbour.

Yet industry has an important part to play in the economy and one the Government would like to boost. And in order not to be left behind in the race to attract new manufacturing investment the island offers financial incentives (see panel) which can match the best available in the UK.

Together with the island's rate of tax, at 20p in the £, industry can set up and still be able to produce at a cost which offsets the disadvantages created by its location.

It is not any and every sort of manufacturing plant that is wanted, though. There is a strong Manx conservationist lobby which would like to keep the still largely rural island undefiled by industrialisation and it is generally accepted that the sort of company most wanted is one producing small goods in clean conditions with a high value-added content.

That, of course, is what almost everyone wants. The Isle of Man has been fortunate in obtaining a number of these companies, perhaps around a dozen, in the last two years and they have helped to give the manufacturing sector a welcome boost. There has been a company using laser beams as part of its technology for printing wallpaper. Another is making *plastic extrusions for the* electrical industry.

Despite these successes, winning new companies for the island has been a difficult and laborious process and for a government which believes in spending only what it raises through taxation there is not *a lot of money available for* overseas promotions.

Hard sell

This is a pity because one of the problems that the Isle of Man has to overcome, in this field as in other sectors, is establishing just how useful it can be as a base. Many industrialists looking for an offshore base are hardly aware that the Isle of Man exists, let alone that *it offers good incentives, and* this ignorance will not be overcome without a big effort.

The Isle of Man, if it is to attract more industry, must sell itself harder around the world and there are many on the island aware of this need; but it does not appear to have *filtered through to those who* sanction the spending of money on promotions.

Yet if manufacturing industry is to play a more important role in the creation of wealth it is vital that it be given a boost fairly soon.

In the last year or two there are signs that the contribution of food, drink, engineering, textiles and other manufacturing industries has been increasing in importance. In 1979-80, the last year for which figures are available, they represented 14.1 per cent of domestic income generated. This compared with 13.7 per cent in the previous year.

In real terms, though, industry has failed to keep up with inflation. The £22.16m generated by the manufacturing sector in 1979-80 was just about double that of 1974-75, but until a big jump in 1978-79 there had been four years when there was little monetary growth, in a time of rapid inflation.

The island is aware of the need to do more to stimulate interest in industry. Partly under the influence of a sharp rise in unemployment — now about 1,200 in a total population of about 65,000 — a committee was set up to look at ways in which the position might be improved.

The committee's recommendations, which have still to be accepted by the island's parliament, were that as a short-term measure job-creation schemes should be introduced and to protect the long term an industrial training centre should be set up. There is also the possibility that the island might take a fresh look at its industrial incentives.

What the authorities want to avoid is giving the impression that they are merely engaged in an employment-creation exercise. But as an indication of their readiness to plan for the future £50,000 has been allocated for a training centre *which will pay particular attention* to retraining to provide engineering skills. As in the UK, there is a shortage of high-technology skills on the island which the authorities are anxious to rectify.

Whether £50,000 is enough is doubtful. There is a danger here that a lot will be spent with little achievement because of a reluctance to face the true cost involved in such a scheme. But if the authorities do pursue *this line* of policy with more action it could produce considerable benefits.

Anthony Moreton

INDUSTRIAL INCENTIVES

Investment grants:	**40 per cent of cost of new buildings, plant, machinery**
First year-grants:	**40 per cent of non-recurring commissioning and running-in outlays**
Training grants:	**50 per cent of special training costs**
Loans:	***Half the working-capital requirements***
Rent aid:	**Assistance given towards renting property from a private developer**

Rival shipping companies keep up war over ro-ro services

IN THE quietest part of Douglas harbour a lattice of new, green-painted steelwork testifies to the latest counter-attack in the Isle of Man's own shipping war.

The steelwork supports a linkspan—a giant road-cum-ramp of adjustable slope which bridges the gap between the harbour quay and cargo deck of a roll-on, roll-off ship, a ro-ro.

Flying defiantly on the £1.5m structure with the three-legged Manx symbol at their centre, are the red and gold colours of its owner, the Isle of Man Steam Packet Company—which has provided services to the island for a century and a half.

A few yards away, at the end of a specially-built elevated *roadway, stands the linkspan* belonging to its rival, Manx Line. This one flies a blue flag with its centrepiece—thought by some to typify its owner's aggressiveness—of a Viking longship in full cry.

The shipping war started three years *ago* when Manx Line, *now owned mainly* by Sealink, was formed and took on the established monopoly of the Steam Packet company, putting a car and cargo ro-ro vessel, the Manx Viking, on the run between Douglas and Heysham, Lancashire.

Last month, the Jaguar, a ro-ro ship *on* charter from P & O, sailed from Liverpool to discharge its first cargo on to the Steam Packet's newly-arrived linkspan. Most of the Jaguar's cargo will be unaccompanied because the ship can accommodate only 12 lorry drivers—its passenger certification is for no more than that number.

Mr Sid Shimmin, the Steam Packet company's director and general manager, says that such a ro-ro service was a planned first step for the early 1980s: "The Manx Line competition had nothing to do with it. We are a conservative company and we only do things at a rate at which we can afford them."

Spartan

The Steam Packet's conservatism is reflected in its present five passenger ferries. By modern standards these are spartan, with cushion-covered wooden benches the typical seating accommodation. As Captain Edward Fargher, duty master of the Mona's Queen, put it on our trip across: "Ours are basic ships. There's a restaurant and a saloon and a bar, but other entertainments would take up space, create more overheads and push up fares."

The Mona's Queen, which entered service in 1972, is sister to the flagship, the Lady of Man, which followed in 1976. Like the Ben-my-Chree (1966) and the Manx Maid (1962), they were designed to fit the quay at Douglas and to cope with the island's wide range of tides.

Cars enter through large ports in the ships' sides and drive *on to spiral* ramps like those in some multi-storey car parks. At the principal and all-year destination of Liverpool, the ships dock at a floating stage specially reconstructed for them when the end of the age of the liners made the original stage redundant.

The advantage of the ships' design is that they can dock almost anywhere, enabling the Steam Packet company's summer tourist services to operate to Dublin, Belfast, Ardrossan and Fleetwood. An older, passenger-only ship, the Manxman, sails on summer day excursions to *Llandudno*.

Such versatility does not come with a modern ro-ro such as the Manx Viking, for which *linkspans are* needed. And versatility, service and reliability are what the Steam Packet company has prided itself upon for 151 years. Indeed, the standard Manx retort to critical mainlanders: "If you don't like it, there's a boat at nine o'clock each morning," is only standard because of the Steam Packet's reliability over the decades.

Captain Andrew Douglas who heads Sealink's Manx operation, says: "We may be 148 years behind them in terms of history but we're light years ahead in terms of approach." This year's Sealink turnover, with one ship, will be £5½m, half of the Steam Packet company's in 1980.

On the Manx Viking, there are rows and rows of deeply upholstered, comfortable armchairs. Three screens show videos. There is a casino and, on some night sailings, a disco. Marketing has been aggressive, forcing a fare-cutting war that Sealink says has kept ordinary return fares down to about £27 when they might otherwise have *been £40. Sealink's British Rail* tie-in even provides a London-Douglas return for £33.

The original Manx Line was started in 1978 to develop ro-ro freight against the Steam Packet's lift-on, lift-off container service (which ran last year at 10,000 units inward and 2,500 outward). *Its first chairman*, former TT champion Mr Geoff Duke, had been in the freight business in a small way since 1966, with a company set up *to get round* the seamen's strike.

His ro-ro proposition was made viable when Tynwald agreed to build and pay for the elevated roadway into the harbour to which Manx Line could fix its linkspan. The Steam Packet company's objections were overridden. "And I still feel bitter about it," says Mr Shimmin. "It's not going to be to the long-term good of the *Isle of Man.*"

However, Manx Line was seriously undercapitalised and not secure enough to cope with an unforeseeable series of disasters that befell it from the outset.

First, the ship's crankshaft went, necessitating major repairs which took several months. Then the linkspan, sited in an exposed part of the harbour, was wrecked in the first easterly gale of the 1978 winter, within sight of some Steam Packet directors and management, as Captain Douglas and colleagues fought a raging sea to try to save it.

At the time there was open bitterness between employees of the two companies. Captain *Douglas, originally a Steam* Packet master, is named after a grandfather who was the company's general manager. He and his family remain major shareholders. He recruited other Steam Packet masters, officers, crew and office staff.

Manx Line was close to liquidation when James Fisher of Barrow bought it with Sealink in 1979. Then, Fisher had a 40 per cent stake most of which it gave up last year as Sealink increased its holding to 85 per cent and poured in marketing expertise and a £100,000 promotions budget.

Captain Douglas says: To market our ship, we have to market the island. By doing so, I believe we have saved the Manx tourist industry. We are out to smash once and for all the idea that it's expensive to get to the Isle of Man."

Booked up

But freight, not passengers, is Sealink's bread and butter. How does he see the new ro-ro competition? "They will take some trade from us but no one knows how big the market is. In the winter we were always booked up three weeks ahead. When we went from two sailings a day to four for the summer, we were very surprised to find that freight was *still full.*"

Mr Shimmin, who is phasing out two small container ships in favour of his new service, is selling benefits: "We sail overnight from Liverpool and back in the day from Douglas. The drivers can sleep on our ship and it qualifies officially as a proper rest. Sealink can't offer that."

The pricing war continues, with Sealink charging £19 a metre and the Steam Packet *company £20. The latter says* that for drivers it is worth it not to have to go to Heysham; Sealink says that Heysham is only 15 minutes further than *Liverpool from the M6-M62* interchange at Warrington, and has only three sets of traffic lights to hold up progress, as opposed to more than 20 on the way to Liverpool Pierhead.

Both companies hope that ro-ro will further expand a market that has proved so far to be as least as big as any *provision* for it. Nevertheless, Captain Douglas believes that the war has a long way to go yet and the rivalry will continue to be a *major* talking point on the island "After all," he says, "It's at least as good as the Onedin Line."

Ian Hamilton Fazey

Hugh Routledge

Capt Edward Fargher, duty master of the Steam Packet company's ferry Mona's Queen, on duty on the bridge

TT races keep their mystique

FOR TT WEEK each June the Isle of Man expects to attract upwards of an extra 80,000 tourists and the importance attached by the Tynwald to what can justly be described as the world's greatest motorcycling festival is demonstrated by the fact that the Manx Treasury is prepared to put up £240,000 in start and prize money alone.

In 1976 the prize fund was a mere £16,240 but in that year the races round the famous 37¾-mile mountain circuit lost their world championship status. It has therefore become necessary to increase rewards substantially to attract big names to an event which in its 74-year history has never been short of controversy.

The TT's safety record in particular is continually being highlighted by pressure *groups who would like to see* the event stopped. They argue that it is impossible to provide adequate safety requirements for a race held over public roads but what is often overlooked is that the TT's ratio of rider fatalities to miles covered compares extremely favourably with other race circuits.

Great play has also been *made of the fact that many of* the world's top riders refuse to race there, but the recent absence of the likes of Barry Sheene, Kenny Roberts and Randy Mamola has done little to deter the large numbers of motorcycle fans who flood into the island.

Alan Wraight

هكذا من الأصل

Conservation puts pressure on fishermen

NOT SO LONG ago fishing was part of the way of life to many Manxmen. The men went to sea and their wives and families tended the crops in the fields. When times were hard — and they were rarely anything else until the island became a tourist centre — potatoes and salt herring were a major item of the winter diet.

Herring formed the bulk of the fish caught in coastal waters. The shoals came up the Irish Sea, and during the summer moved along the Manx coast. Then, the herring was "king of the sea" and, smoked to become the famous Manx kippers, an abundant local delicacy.

That picture has changed. The shoals are a mere shadow of their former size, and marine biologists have warned that they are being overfished. Herring is still an important summer catch but Manx fishermen now spend most of their time catching shellfish.

The Board of Agriculture and Fisheries, the Manx Government department responsible, has always been aware that while the fish stocks off the island are good they could be easily overfished, and so it has always tried to apply a policy of conservation.

Following the British Government's announcement that it intends to extend the limit of territorial waters from three to 12 miles, the Manx Government intends to follow suit. The turning of this declaration of intent into hard facts depends on the signing of an agreed recommendation at the United Nations Law of the Sea Conference. The recommendation is that all maritime states should have an undisputed right to a 12-mile territorial waters limit.

As Dr Edgar Mann, board chairman, points out, the coming into being of the 12-mile limit will take some time. "We shall have some difficult negotiations to face with those who will claim historic rights of access. Only after those problems have been resolved can we start drafting the required Manx legislation.

"That will have to be very carefully drafted, and the process will take some considerable time. The end result, however, will be that the board will be able to draw up conservation regulations which will be applied to a much larger area. The hope is that this will benefit the fish stocks."

Mr Lawrence Corlett, board secretary, said that while the biologists at Liverpool University's School of Marine Biology, at Port Erin, had, rightly, reported a wide range of marketable fish species in Manx waters, a problem was that many were migrating and did not spawn in the area. However, the situation on stocks appeared to be such that more of these fish could be caught.

While the folk song may proclaim the herring as king of the sea, to the modern Manx fisherman the escallop is now king. The fishery for escallops and the smaller queen escallop, known locally as "queenies," is strictly controlled but they are a valuable export with three quarters of the landed shellfish exported to the U.S. and the rest to Europe. The days when escallops were given away by fishermen who caught them have long past, and to Manx people they rank as a luxury dish since they are very rarely available except at high prices.

Of course, the shellfish have to be processed before export, and that has meant a processing industry has grown up replacing the old kippering houses which were the support industry in the days of the large herring fleets working out of Manx ports.

For some years now the Port Erin marine biologists have been warning that the herring shoal was showing signs of rapid decline. Last season catches were below expectations, and when they advised the board on the size of the total catch they considered safe the figure, 6,000 tonnes, was a 40 per cent reduction from the 10,000 tonnes permissable catch they announced last year. And early reports on catches suggest that, once more, the shoals are proving hard to find.

As much of the herring catch is exported to Europe the catch reduction could hit these exports hard. On a smaller scale herrings kippered in oak smoke are also an export. Manx law, strictly enforced, has kept the quality consistently high, but short supplies mean high prices, and the kipper will also find itself high priced in the market.

W. R. Clucas

Crucial judgment on bank secrecy

IN A judgment vital to the island, Lord Denning, Master of the Rolls, sitting with Lord Justice Shaw and Lord Justice Oliver, ruled on March 5 that the British Inland Revenue had no power to investigate Manx bank records.

The ruling was important because it backed a judgment given in the Isle of Man courts last year and so protects the confidentiality of island accounts, essential to any government seeking to offer facilities as an offshore finance centre.

The case in the High Court arose out of action taken by the Inland Revenue in 1979. On October 23 that year, a British Inland Revenue official landed in Douglas with a warrant issued in South Wales against a company operating there. The official sought to see documents relating to an island company and a British company which were in the hands of the Savings and Investment Bank, an island bank.

He also wanted to see entries in the books of Barclays Bank in Douglas, which acted as clearer for the SIB.

Three weeks later the SIB took the matter to the Isle of Man court, arguing that it was beyond the Inland Revenue's power to force it to submit to the jurisdiction of the UK. This submission was upheld in court and the judge commented that actions started in England could under no circumstances be brought over to the island.

Although the Inland Revenue gave an undertaking that there would be no further action against Savings and Investment Bank in the island, it subsequently won an action in England to see entries in the books of Barclays Bank, Douglas, relating to an account of the Savings and Investment Bank. The Revenue cited the Bankers' Books Evidence Act of 1879.

Savings and Investment Bank appealed to the High Court and Lord Denning, in judgment, said he did not think that Barclays Bank in Douglas should be considered any differently from an Irish or American branch bank in the Manx capital, which were not subject to British jurisdiction. Barclays, he said, had to get a licence to operate there and the branch should be considered as a separate entity.

It would not be right, he thought, for the confidentiality of customers there to be broken for proceedings in the UK.

The Denning judgment is considered in Douglas to be of great importance because it establishes that British authorities have no right to see documents in the island. Since much of the recent prosperity of the Isle of Man has come from the emergence of the financial sector and its role as a tax haven, confidentiality is a prime factor. The island now knows that any documents deposited within its jurisdiction are safe from the eyes of outside authorities.

Anthony Moreton

Viking congress puts the record straight

OVER THE years historians have tended to give the Vikings a bad name. They were, it is agreed, ruthless pirates who swooped from the wild fastnesses of northern Scandinavia on defenceless farmers and fishermen, slaughtering and pillaging and carrying off women to their homes.

While there is some truth in that story—the early Viking visitations were what modern historians would call commando raids—there is a great deal more to the Vikings' story. The Viking Congress was founded some 40 years ago to try to set the record straight and this year, for the first time, it is meeting in the Isle of Man which retains in its government a true Viking tradition.

Tynwald, the Manx parliament, was founded by the Viking Kings of Man and the Isles, and still retains, at its annual open air sitting on Tynwald Hill at St. John's, the form it must have had when the Viking rulers proclaimed their laws to the Celts they had subjugated.

Viking settlers followed the raiding parties, and the history of the Isle of Man suggests that far from being an occupying force the Vikings intermixed with the Celts and from that mixing the present Manx people are descended.

Certainly most old Manx families from time to time show biological traces of the Viking connection in a family member who is tall and big boned, unlike the short, sturdy Celts. And somehow also in these families there is always a call of the sea, another facet of the island's Viking heritage.

Scholars

All this is a fruitful field for exploration by the distinguished scholars who are gathered for the Viking Congress, the ninth to be held. They have come from Norway, Sweden, Denmark, Iceland and the Faroes, as well as from England, Scotland and Ireland.

Informally organised, the 10-day event, which runs until July 14, aims to allow specialists who study the period to meet and discuss their work.

One aspect of great interest to the visiting scholars is the speed of the conversion of the pagan Vikings to Christianity. They came to an island where the Celtic Church was firmly established, and instead of sweeping it aside became Christians themselves. The present Manx diocese bears the title Sodor and Man, showing that early bishops exercised their authority over the Viking kingdom.

History suggests that the Isle of Man was used as a base for expanding the Viking influence. And there are those who claim that the Celts, before the Vikings arrived, were raiding the Cumbrian coast and southern Scotland. So it is appropriate that the two opening papers of the congress were concerned with relations with the adjacent isle.

Many papers are concerned with the influence of the Vikings on the Manx language. This is a subject where there can be much speculation as Manx was not written until comparatively recently. Certainly, old Norse did leave its traces on Manx and the dialect adaptation of English which still survives.

Voyages

The longship was for the Vikings war galley, transport and home, with many long voyages made in them. So it is natural that they should be discussed by the congress even though the recovered longships displayed in Oslo have told scholars all there is to know about their design, structure, and—by the sailing of modern replicas — their performance. But what influence did they have on ships of a later period?

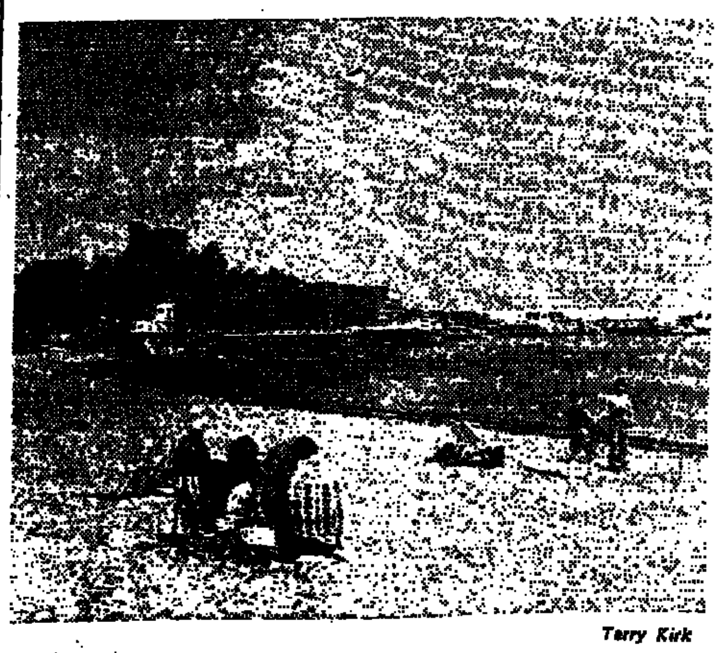
In fact the papers being presented to the congress cover a very wide range of subjects and some even show that in areas where Viking settlement is firmly accepted doubts still remain. Iceland is considered a Viking nation yet Prof Sveinbjorn Rafnsson of the University of Reykjavik seems to doubt the authenticity of the evidence about some settlements.

But perhaps the most contraversial papers will not come until the end of the congress sessions. There have been suggestions that the Vikings were the discoverers of North America, although the Irish would put in a claim for St Brendan, but no firm evidence has been found. Is a Norwegian coin found in Maine proof or not?

It seems that overall the Vikings can be credited with a stabilising influence at an important juncture in western history, but there are also endless arguments about the authenticity of early historic records.

Viking history is recorded in the sagas ad Prof Jonas Kristjansson of Reykjavik asks about their value as historical sources. No doubt that subject and others will be mulled over until invitations go out for the next Viking Congress in four years' time.

W. R. Clucas



Terry Kirk

The beach and castle at the resort of Peel, famous for its spectacular sunsets

ADVERTISING & MARKETING

BY MICHAEL THOMPSON-NOEL

AGENCIES' EVENTFUL YEAR

The new make-up of Britain's Top 12

THE SAATCHI GROUP'S acquisition of Dorland Advertising not only produces what is being called the largest advertising agency business based in Europe (FT, July 2 and 4), but marks the end of a six-month run which has by turn shaken and convulsed some of Britain's biggest advertising agencies.

With its purchase of Dorland, Britain's 11th biggest agency on the basis of billings last year, plus the rest of Garrott Dorland Crawford Holdings, Saatchi has put together an enlarged group with current billings put at a minimum of £150m. (Saatchi & Saatchi Garland-Compton, the main Saatchi agency, was Britain's joint biggest last year, level with J. Walter Thompson. Each put its 1980 billings at £83m.)

But the Saatchi move is merely the latest in a series of developments that has in some ways transformed the make-up of the Top 12 shops.

At McCann-Erickson, the latest in a series of top management reshuffles has seen the appointment of Jerry Shively, McCann's European regional director since April last year, to the additional posts of chairman and chief executive of McCann in London, in succession to Ann Burdus, who is returning to New York.

In the wake of its loss of the £8m-to-£9m Tesco account earlier this year, Mr Shively says McCann has been "regrouped and revamped," and is enjoying a good year. But growth is bound to suffer.

At Collett Dickenson Pearce, which recently lost a package of good business to the breakaway agency formed by former CDP managing director Frank Lowe, billings this year are expected to be a sixth lower than last year.

In turn several other agencies may well be glancing nervously over their shoulders at the progress of the rash of new agencies formed in recent months.

How does the Top 12 look now? To recapitulate on 1980, Britain's Top 12 agencies were as follows:

1. Saatchi and Saatchi Garland-Compton, and J. Walter Thompson, £83m each; 3. D'Arcy-MacManus and Masius, and McCann-Erickson, £75m each; 5. Ogilvy and Mather, £61.2m; 6. Collett Dickenson Pearce, £60.89m; 7. Young and Rubicam, £46.4m; 8. Foote Gone and Belding, £45.22m; 9. Ted Bates, £39.64m; 10. Allen Brady and Marsh, £39.12m; 11. Dorland Advertising, £38m; 12. Leo Burnett, £37.5m.

How stand they now? Talks with agency chairmen and finance directors yesterday indicated the changing complexion of the Top 12—at least on the basis of projected billings (ie. advertising volume placed) for 1981.

Saatchi and Saatchi Garland-Compton is talking in a range of £95m-£100m, which for the purposes of the table below has been rendered as £97.5m.

A similar figure can be suggested for JWT, while Masius should bill around £84m.

McCann, on the other hand, expects billings to improve by only 4 per cent or so (largely because of the loss of Tesco), and Collett Dickenson is working to a projection of £50m or so.

Given that the figures quoted in the table below indicate only the possible shape of things to come, the final 1981 billings for London's Top 12 agencies could look something like this:

		£m
=1	Saatchi & Saatchi Garland-Compton	97.5
=1	J. Walter Thompson-London	97.5
3	D'Arcy-MacManus & Masius	84.0
4	McCann-Erickson	78.0
5	Ogilvy & Mather	70.4
6	Young & Rubicam	52.2
7	Foote Cone & Belding	52.0
8	Allen Brady & Marsh	50.5
9	Collett Dickenson Pearce	50.0
10	Dorland Advertising	47.5
11	Leo Burnett	44.0
12	Ted Bates	41.0

ANNUAL SALES FORCE SURVEY

What a salesman costs

A YEAR IN the life of a UK salesman now accounts for £18,061 in direct and administrative costs, though according to the annual survey of salesmen's costs by Sales Force, the annual rate of increase in 1980-1981—11.6 per cent—was the smallest for some years. Sales Force supplies contract salesmen, usually to bolster or augment companies' standing sales teams.

As on previous occasions, the Sales Force survey covers a broad range of manufacturers in diverse consumer fields, from grocery, hardware and drink to confectionery and pharmaceuticals.

Most companies supplied figures relating either to calendar 1980, or to the financial year ended April 30 1981. As two-thirds were respondents in earlier Sales Force surveys, the information regarding trends is seen as highly reliable.

According to Rudi Goldsmith, the Sales Force chairman, the overall increase last year in a salesman's average costs, 11.6 per cent, was the smallest for some years. It compares with a rate of increase of 15.9 per cent in 1979-80, though there were wide variations in individual companies' figures, and in the averages for different types of cost.

Some of the areas worth special attention include:

Recruitment: The position here was the reverse of the previous year's and shows a drop of 16 per cent on 1979-80. Clearly much less recruitment was going on, says Mr Goldsmith, and established salesmen were staying put. A few companies, however, appear not to have been affected too badly by the recession, and spent as much as £370 per salesman on recruitment last year.

It seems from the low figures from some companies, however, that they have not sought to enlarge their sales forces, or even to replace natural wastage.

Remuneration: The increase of only 10.6 per cent in salesmen's income was less than the rate of inflation during the period under review.

Company vehicles: Total running costs rose by 25.6 per cent on the previous year's figure. Ford increased its share of UK sales fleets (among respondents) to 84 per cent. Chrysler was second, with 13 per cent, whilst BL's share fell again.

Field expenses: The increase here was only 8.4 per cent, but it must be remembered, says Mr Goldsmith, that the survey period related to the year prior to the last Budget and its heavy increase in the cost of petrol.

Managerial costs: The costs of head office sales management, when spread across the number of salesmen employed, rose by 14.9 per cent. There was a similar increase (14.7 per cent) in the cost of area management. Both figures were not only in line with inflation, but showed an improvement on the previous year.

Wages calculation, sales analysis, stationery and secretarial: The first two items both rose in cost by around 19 per cent, but the sums involved are not large. *Stationery costs rose by about* 13 per cent, and secretarial costs actually fell by 9 per cent, perhaps a reflection of greater automation in sales offices, says Sales Force.

According to Mr Goldsmith, the average UK salesman seems to be putting in more time at his job. He spent 45 weeks in the field last year, against 44 the year previously.

As a result, the inclusive cost *per salesman per working week* was £401, against £368 the year before. Since restraint seems to have been exercised on the wages and expenses front, he says, it is difficult to see where further savings can be made other than by fundamentally restructuring the sales force and its functions.

He says that in comparing the cost of a company's own sales force against that of hiring sales teams, long- or short-term, from a contractor, it can be noted that Sales Force itself now quotes an inclusive *cost of £300 per week for a* salesman working from home.

It is for this reason, he says, that more companies are now considering it more economic to retain a smaller standing sales force for year-round use, and to augment the standing force with contract teams for special occasions such as promotional bursts, new product launches, and so on.

THE COST OF A UK SALESMAN

	1979 £	1980 £
Recruitment	159	133
Remuneration	7,170	7,930
Company vehicle	1,735	2,180
Expenses	2,741	2,971
Sales manager (incl. secretarial exp./overheads)	868	997
Area manager (incl. expenses and overheads)	1,975	2,265
Wages calculation	47	56
Sales analysis	232	275
Secretarial (incl. overheads)	589	534
Stationery	505	572
Training	162	148
TOTAL	16,183	18,061

Source: Sales Force

DIRECT SELLING

A plan to sell fashion via the small screen

AS THE DRAPERS RECORD, bible of the rag trade, recently observed, no-one ever suceeded in the retail business by being squeamish about taking a chance—on which note it rose to salute the entrepreneurial zeal of Topcoat, the London womenswear manufacturer, for its pioneering spirit in deciding to experiment with direct selling to the public via television.

With the backing of Bolton Textiles, Topcoat has formed a new company, TV Reflections, which is to run a pilot commercial on Granada Television in the first week of September, offering a four-piece suit for direct sale by telephone.

In the view of Issy Rondel, the 45-year-old chairman, managing director, designer, and general driving force behind Topcoat, direct selling via TV offers almost unlimited potential for the fashion trade, even though the pilot scheme has taken two years to finalise and encountered opposition and apathy.

He says the banks refused to support him. As for his colleagues in the rag trade, they simply didn't want to know.

What Topcoat is offering, at least to start with, is a four-piece suit comprising a jacket and skirt for £30 including post and packaging, plus a second skirt and scarf for an additional £7.

Topcoat has produced 1,000 items initially, at a cost of *£15,000, and has spent* another £15,000 on a 60-second commercial. It will be screened ten times, at the rock-bottom rate of £600 per minute, the deal being that Granada Television, which is among those stations keen to encourage this new breed of advertiser, takes a percentage. Initial sales, says Mr Rondell, could be worth up to £250,000.

The suit will be available in one colour, sizes 10 to 16, with a money-back guarantee. Why Granadaland? "It's the heart of mail order territory," says Mr Rondell. "If the idea works anywhere, it will certainly work there"—the plan being to extend the experiment, if all goes well, to the rest of Britain and perhaps into Europe. The suit will not be available through regular retail and mail order channels.

Etcetera

Topcoat fashion. Suits (not this one) will be sold direct to viewers of Granada Television.

In the words of his PR-ette, Mr Rondel is the epitome of the self-made man. With his parents, he fled occupied Poland in 1946, his father, he recalls, having half-a-crown in his pocket (£0.12½), on arrival at Liverpool Street Station.

The family settled in the East End of London, and Issy went to school. Two years later, aged 15, he started as an apprentice cutter, and after National Service, worked for his father. By the age of 22, he had his own factory, and in 1976, formed Topcoat, which makes women's suits, coats, jackets and rainwear.

Topcoat's first-year turnover was £1m. By 1979, when it recorded £200,000 profit, turnover was almost £3m, 65 per cent of it accounted for by exports, primarily to Europe.

But the recession hit the rag trade hard. Last year, Topcoat's exports dwindled virtually to nothing, and it lost around £60,000.

However, forward orders are now said to total £1m, and turnover for 1981-82 should be "well over £2m."

According to Mr Rondell: "As always, when things are bad, it is the new and the different that are rejected, and so it was with TV selling. I made countless approaches to retail and mail order companies, all of whom maintained that it couldn't be done.

"But I was determined to break through the aura of bureaucracy. Fortunately, when I approached Bolton Textiles, they immediately agreed."

As Drapers Record asked: "If you can sell a dress or silk blouse from a static and not particularly eye-catching picture, then how many more will sell when displayed on an attractive moving model in a TV commercial full of imagery to entice the shopper?"

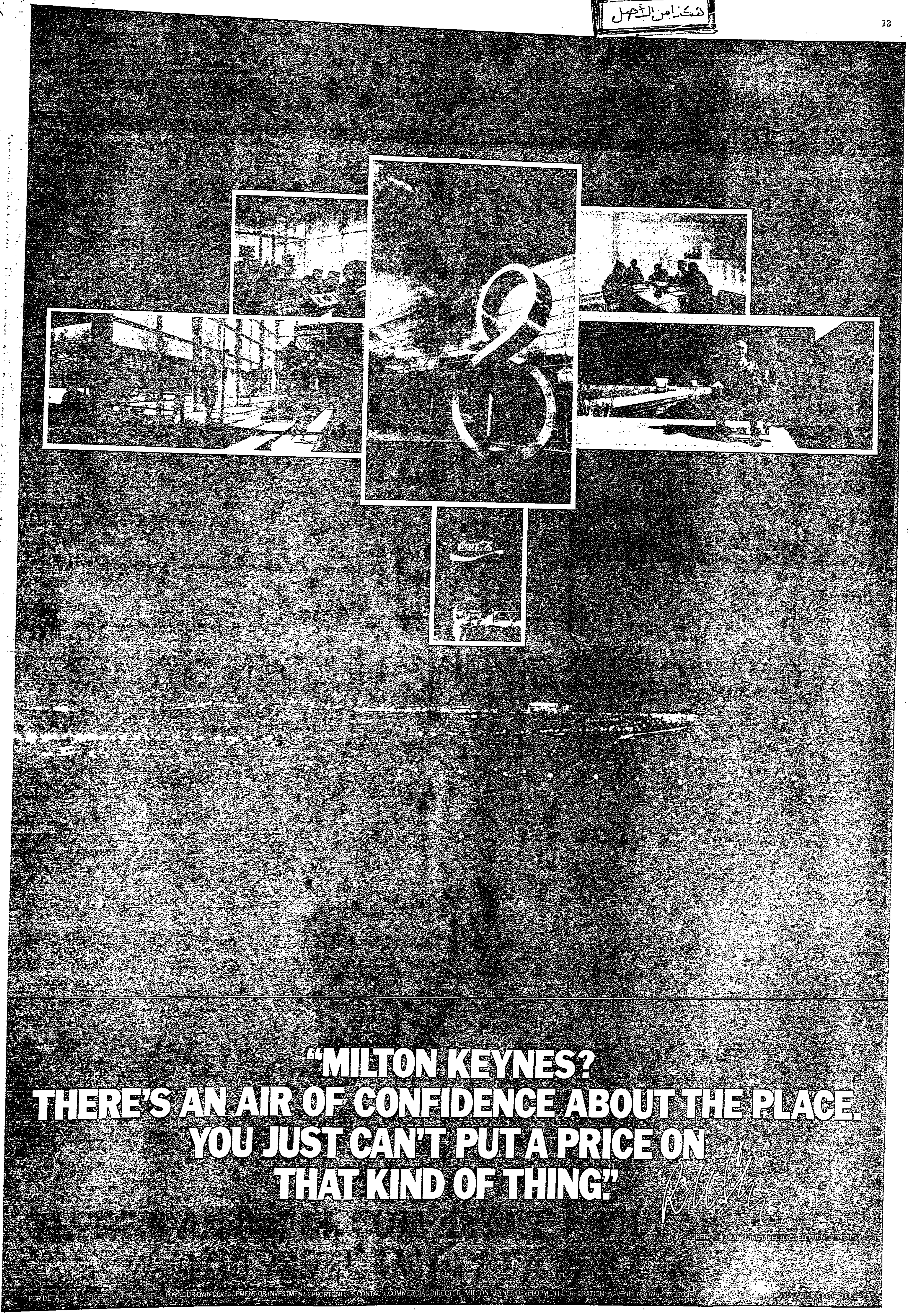
Issy Rondell is soon to get his answer.

'Times aiming for 400,000'

CIRCULATION OF The Times, which earlier this year passed into the ownership of Mr Rupert Murdoch's News International, may be boosted back past the 300,000 mark by the end of this year, and eventually to approaching 400,000, Mr Murdoch says in an interview in Marketing Week published tomorrow.

"It was 278,000 when we came in, and falling," he says. "It is now in the 290s, and we haven't promoted it at all. We would be aiming to get through to 300,000 this year, and over the next two or three years, we hope, approach 400,000."

He says he doubts that The Times "is ever going to make us rich," but maintains that it can be made viable.


"MILTON KEYNES?
THERE'S AN AIR OF CONFIDENCE ABOUT THE PLACE.
YOU JUST CAN'T PUT A PRICE ON
THAT KIND OF THING."
FOR DETAILS OF OFFICES, FACTORIES, SITES FOR YOUR OWN DEVELOPMENT OR INVESTMENT OPPORTUNITIES CONTACT: COMMERCIAL DIRECTOR, MILTON KEYNES DEVELOPMENT CORPORATION, WAVENDON TOWER

HAMILTON OIL GREAT BRITAIN PLC

Offer for Sale by Kleinwort, Benson Limited of 10,010,000 Ordinary Shares of 10p each at 140p per share payable in full on application

Copies of this Offer for Sale, having attached thereto the documents specified herein, have been delivered to the registrar of companies for registration.
Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of Hamilton Oil Great Britain PLC (the "Company") to be admitted to the Official List. This Offer for Sale includes particulars given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or of opinion. All the Directors accept responsibility accordingly.

No action will be taken on any application for the ordinary shares now being offered until 10 a.m. on Wednesday, 15th July 1981. The application list may be closed at any time thereafter. The procedure for application is set out at the end of this Offer for Sale.

In connection with the sale of the ordinary shares now being offered, no person has been authorised to give any information or make any representations, other than as contained in this Offer for Sale. Any information or representation not contained herein must not be relied on as having been authorised by the Company, any other of the Hamilton Companies or Kleinwort Benson.
This Offer for Sale does not constitute, and it may not be used for the purpose of, an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised. In particular, the ordinary shares have not been registered under the United States Securities Act of 1933; accordingly, except in circumstances in which such registration is not required, the ordinary shares may not be directly or indirectly offered or sold in the United States of America (including, for the purpose of these restrictions, its territories and possessions and all areas subject to its jurisdiction) or to or for the benefit of United States persons (as defined below) or to others purchasing the same for reoffering or resale directly or indirectly in the United States of America or to or for the benefit of any such person.

Directors	Frederic Crawford Hamilton *(US Citizen) (Chairman)* 1600 Broadway, Denver, Colorado, 80202 U.S.A. John William Robert Sutcliffe *(Managing Director)* *Cleveland House, 19 St. James's Square, London SW1Y 4LP* Robert Alistair Henderson 20 Fenchurch Street, London EC3P 3DB Robert Morrison Jenney *(US Citizen)* 250 Boylston Street, Chestnut Hill, Massachusetts 02167 U.S.A. Sir Peter Matthews, A.O. Vickers House, Millbank Tower, Millbank, London SW1P 4RA
Secretary and Registered Office	Thomas Noel Wedgeworth, F.C.A. Cleveland House, 19 St. James's Square, London SW1Y 4LP
Auditors and Reporting Accountants	Deloitte Haskins + Sells Chartered Accountants 128 Queen Victoria Street, London EC4P 4JX
Petroleum Consultants	ERC Energy Resource Consultants Limited 4 Wimpole Street, London W1M 7AB
Solicitors to the Company and to the Offer	Herbert Smith & Co. Watling House, 35-37 Cannon Street, London EC4M 5SD
Stockbrokers	Cazenove & Co. 12 Tokenhouse Yard, London EC2R 7AN
Receiving Bankers Registrars	Kleinwort, Benson Limited New Issue Department 10 Rood Lane, London EC3M 8BB and Registration Department The Lawn, Speen, Newbury, Berkshire RG13 1QN

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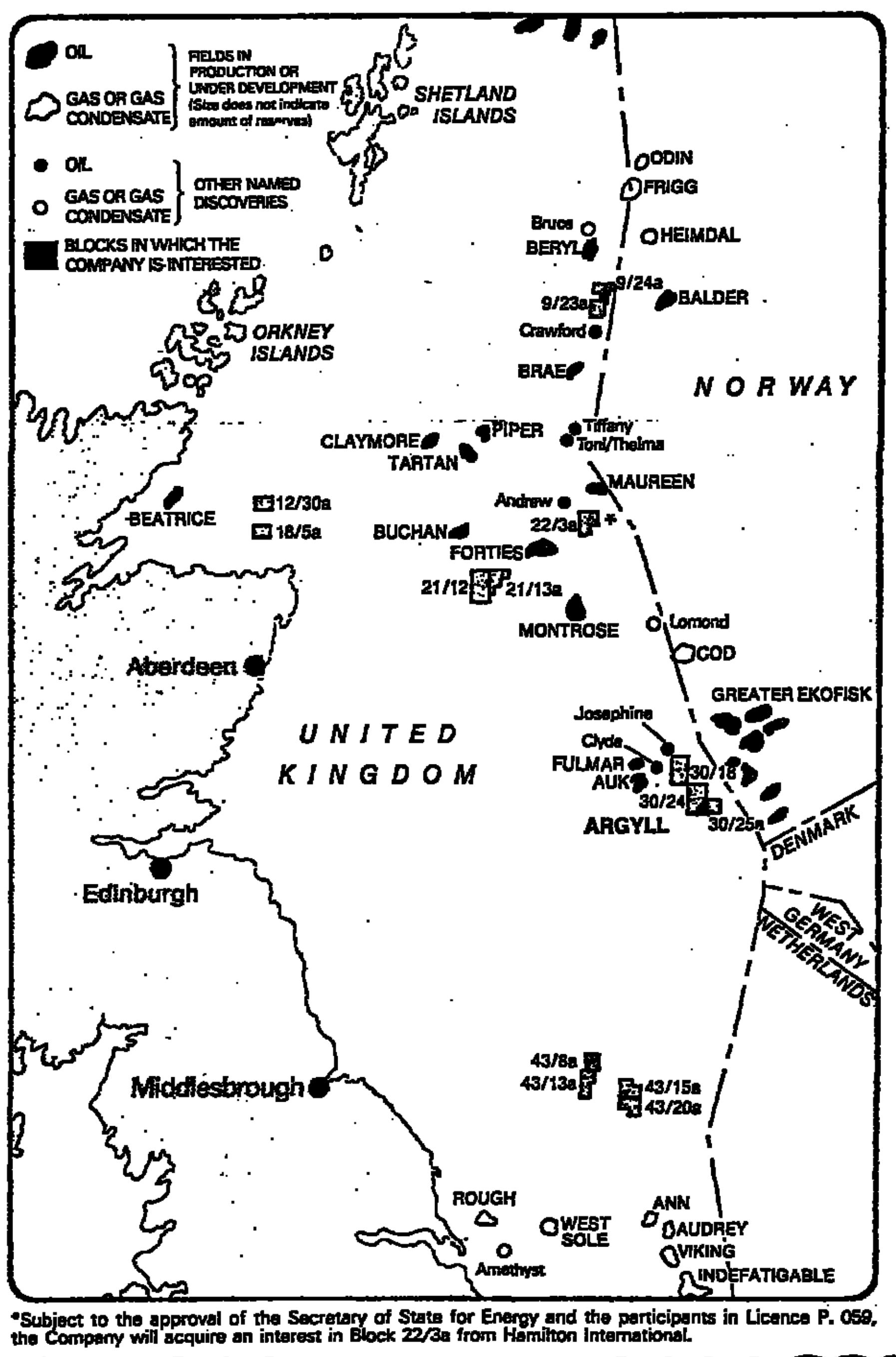
YOUR ATTENTION IS DRAWN TO THE SECTION HEADED "RISK FACTORS".

	SHARE CAPITAL	Issued and to be issued fully paid
Authorised £6,000,000	in 60,000,000 ordinary shares of 10p each	£5,005,000

The ordinary shares now being offered will rank in full for all dividends hereafter declared or paid on the ordinary share capital of the Company.

North Sea Interests



*Subject to the approval of the Secretary of State for Energy and the participants in Licence P. 059, the Company will acquire an interest in Block 22/3a from Hamilton International.

Definitions

"Company" Hamilton Oil Great Britain PLC, formerly Hamilton Brothers Oil Company (Great Britain) Limited, and/or its subsidiaries.
"Hamilton Oil" Hamilton Brothers Oil Company and/or its subsidiaries.
"Hamilton Petroleum" Hamilton Brothers Petroleum Corporation and/or its subsidiaries.
"Hamilton International" Hamilton International Oil Company and/or its subsidiaries.
"Hamilton Oil & Gas" or "Operator" Hamilton Brothers Oil and Gas Limited, a subsidiary of Hamilton Oil.
"Hamilton Companies" the Company, Hamilton Oil, Hamilton Petroleum and Hamilton International.
"IPOS" I. P. Oil Services Limited, an affiliate of the Hamilton Companies.

"North American Joint Venture" one of a series of annual North American exploration joint ventures managed by Hamilton Oil as described under "International Interests—North American Joint Ventures".
"International Joint Venture" the international exploration joint venture managed by Hamilton International as described under "International Interests—Hamilton International Joint Venture".

"Kleinwort Benson" Kleinwort, Benson Limited.
"RTZ" The Rio Tinto-Zinc Corporation Limited and/or its subsidiary R.T.Z. Oil and Gas Limited.
"Blackfriars" Blackfriars Oil Co. Limited, a subsidiary of Associated Newspapers Group Limited.
"Trans-European" The Trans-European Company Limited, a subsidiary of Kleinwort Benson.
"Consortium" one or more of the Hamilton Companies with RTZ, Blackfriars and Trans-European.

"BNOC" The British National Oil Corporation.
"ERC" ERC Energy Resource Consultants Limited, independent petroleum consultants.
"Esso" Esso Petroleum Company, Limited.
"Shell" Shell U.K. Limited.
"Texaco" Texaco North Sea U.K. Limited and/or Texaco North Sea U.K. Company.

"Block" an area of the United Kingdom continental shelf for which a Licence has been or may be issued.
"Licence" a United Kingdom offshore petroleum production licence or sub-licence.

"Round" one of a series of allocations of Licences by the Secretary of State for Energy, pursuant to invited applications.
"TW 58" Transworld 58, the floating production platform used for production from the Argyll field.

"US" or "United States" United States of America.
"United States person" any national or citizen of, or person resident or normally resident in, the United States, its territories and possessions or areas subject to its jurisdiction, including the estate of any such person and any partnership, corporation or other entity formed or organised therein or under the laws thereof or of any political sub-division thereof.
"dollars" or "$" US dollars.

Glossary

AMIs: Areas of mutual interest agreements or understandings as described under "North Sea Interests—General Information".
Barrel, stock tank barrel or STB: A volumetric measure of crude oil, equivalent to 35 imperial gallons or 42 US gallons at standard temperatures and pressures.
Bright spot: A generally recognised seismic indicator of the presence of gas.
Central Graben: A major geologic structural feature of the North Sea containing sedimentary formations of recognised economic importance in petroleum exploration.
Farm-in: The acquisition (by the farmee) of an interest in a licence, lease or other property interest for a cash consideration and/or for payment and completion of work, usually the drilling of one or more wells.
Farm-out: The assignment (by the farmor) of an interest in a licence, lease or other property interest for a cash consideration and/or for payment and completion of work by the farmee.
Gross acres: The total acreage covered by a Block, lease or concession area.
Infill drilling: The drilling of wells within known field limits in order to increase or advance the production of oil or gas by the use of closer well spacing.
Net acres: Gross acres multiplied by a particular participant's percentage interest therein.
Net pay: The thickness of a productive interval which is capable of contributing to reserves.
Proven, probable, possible and prospective reserves: See "Petroleum Consultants Report—3.0 Estimation of Reserves".
Recoverable reserves: That portion of oil or gas reserves estimated to be in place in a reservoir which is considered on the basis of appropriate engineering criteria to be capable of economic recovery.
Single point mooring buoy or SPM: A system designed for the loading of oil to tankers in deep water, normally taking the form of an anchored buoy to which a tanker moors and through which oil is pumped from a subsea flowline through a floating hose connected to the tanker.
Step-out well: A well drilled to establish the extension or continuity of an accumulation after the drilling of the discovery well.
Structure: A configuration of subsurface rock formations considered on the basis of geological or geographical interpretation to be capable of acting as a reservoir for oil or gas.
Water drive: The maintaining of pressure in a reservoir, as it is depleted, through the influx of water into the producing formations. This may take place naturally or the effect can be achieved artificially by the injection of water into a reservoir by wells drilled for the purpose.
Wildcat or exploratory well: A well drilled on a hitherto untested geological feature or structure. Such a well carries a higher degree of risk than wells drilled on known accumulations of oil or gas, the measure of risk being defined by applicable geological and engineering considerations.

Introduction

The enactment in 1964 of the Continental Shelf Act for the first time opened up the United Kingdom continental shelf to oil and gas exploration. By that time, Frederic C. and Ferris F. Hamilton with other US investors associated with them (together the "Hamilton Investors") already had extensive oil and gas interests in the United States and Canada. They then decided to extend their operations to the North Sea and for this purpose formed the Consortium with RTZ, Blackfriars and Trans-European. The Company was incorporated in 1964 to hold the North Sea interests of the Hamilton Investors.
Subsequent to the formation of Hamilton Petroleum in 1969, the interests previously acquired by the Hamilton Investors were divided between the Company and Hamilton Petroleum. After the second Round, other Hamilton Companies also participated in the acquisition of Licence interests through the Consortium or with members of the Consortium. The Blocks in which the Company is now beneficially interested are described under "North Sea Interests" and details of the interests in such Blocks are set out under "Further Information on North Sea Interests—Schedule of Blocks".
In 1971 the Consortium discovered the Argyll field on Block 30/24, which had been allocated to the Consortium in the second Round. The field was developed during the period 1973-75, and commenced production in June 1975, the first oil field in the United Kingdom sector of the North Sea to achieve commercial production. The Argyll field has to date produced over 37 million barrels of oil: the Company's 28.8% interest in this field is at present its only oil or gas revenue-earning asset. In addition to the existing producing operation a recently drilled discovery well has established significant reserve potential in a seperate structure. A number of other structures have been mapped on Blocks 30/24 and 30/25a and the Operator has proposed that some of these should be tested by exploratory drilling.
The Company holds interests in a major spread of North Sea acreage totalling 375,494 gross acres (112,221 net acres). In addition to the Argyll field and the prospective structures on Blocks 30/24 and 30/25a, this acreage includes significant proven and prospective gas reserves in the Bunter Gas area (for which development studies are in hand) and certain other Blocks on which drilling is proposed or is under consideration.
The Company's North Sea interests are operated on its behalf by other companies, principally Hamilton Oil & Gas. The Company does not require, and has no present plans to build up, an operating organisation to cover its North Sea activities and will rely principally on the established operating capability of Hamilton Oil & Gas. It will continue to enjoy the rights of representation and consultation accorded to it under the provisions of the agreement among Consortium members and other relevant operating agreements. See "Further Information on North Sea Interests—Summary of Principal Documents relating to Licence Interests."

Business Strategy

Steps have recently been taken with a view to developing the Company into a more broadly-based company engaged in oil and gas exploration and production on a worldwide basis. Among these steps is the acquisition by the Company of interests in the exploration joint ventures managed by other Hamilton Companies referred to under "International Interests". By participating in these joint ventures, the Company will enjoy the benefit of any investment opportunities which may be offered by a substantial US oil and gas group with a proven exploration record. The Company may also consider the acquisition of interests in producing oil and gas properties and, possibly, other energy-related businesses in the United States, Canada and elsewhere.
The Company is expected initially to fund its share of expenditure for such acquisitions from its existing cash balances and the anticipated surplus revenues arising from its interest in the Argyll field. The Company has no outstanding borrowings although it may enter into borrowing arrangements to finance acquisitions or development expenditure if this appears appropriate.
It is the intention of the Board that the Company should develop its business as an international energy-based company in whatever way is deemed appropriate. The Board has been reconstituted, and a Managing Director with wide oil industry experience has been appointed, to reflect the intention that the Company should be independently managed, whilst maintaining its close and beneficial relationships with the other Hamilton Companies. Although Frederic C. Hamilton will be Chairman of the Company, and intends to remain a substantial shareholder, the Company will be free to engage in any activities it chooses, including activities which compete with those of any of the other Hamilton Companies. It is intended that the Company should seek its own exploration opportunities and not rely on the Hamilton Companies alone for that purpose.

The Argyll Field—Block 30/24

The Argyll field is located some 200 miles east-south-east of Aberdeen and is almost wholly contained within Block 30/24. In 1974 the Company farmed-out 40% of its interest in this Block to Texaco (leaving it with its current interest of 28.8%) in exchange for a capital sum and the discharge of certain development expenditure obligations of the Company. Under the terms of the farm-out the Company is required to offer to Texaco, for purchase at market price, 12.8% of the total current production of crude oil from time to time from the Argyll field.
In 1978, pursuant to the majority state participation policy of the United Kingdom Government, the Consortium entered into a participation agreement with the Secretary of State for Energy and BNOC in respect of the Argyll field and any other commercial petroleum fields discovered under Licences granted prior to the fifth Round in which the Consortium is for the time being interested. Under this agreement BNOC is entitled, *inter alia*, at its option to acquire from time to time at market price up to 51% of the production from the field attributable to each member of the Consortium (after any royalty in kind taken by the Secretary of State for Energy). The intention of the participation agreement is that the Consortium should be financially neither better nor worse off under its terms than if no such agreement had been entered into.
At present the royalty is not being taken in kind but both Texaco and BNOC are exercising in full their respective rights to purchase the Company's current production of crude oil from the Argyll field. Under an agency agreement, described under "Further Information on North Sea Interests—Summary of Principal Documents relating to Licence Interests", the Company has delegated to IPOS, an affiliate of the Hamilton Companies, responsibility for negotiating with Texaco and BNOC the market price of crude oil and for selling any remaining production available for disposal.
Production from the Argyll field is subject to regulation by the Secretary of State for Energy (see "Further Information on North Sea Interests—Summary of Licence Terms and United Kingdom Government Controls").

Production

The two principal producing horizons of the Argyll field are the Zechstein Dolomite and the Rotliegendes Sandstone, both of Permian age. There is also minor production from the Jurassic sands. To date, twelve wells have been drilled within the known reservoir limits of the Argyll field and current production is from 6 wells at a combined flow rate of approximately 20,000 barrels per day. The production history of the Argyll field since start-up is tabulated below.

Year	Annual Total (in Barrels)	Cumulative Total (in Barrels)
1975 (from commencement of production in June)	3,678,971	3,678,971
1976	8,251,585	11,930,556
1977	6,119,496	18,050,052
1978	5,263,428	23,313,480
1979	6,356,186	29,669,666
1980	5,814,196	35,483,862

Wells are completed for production with subsea wellheads which are connected by flowlines laid on the sea bed to a centrally-placed collection and control manifold assembly. This assembly forms the riser base, to which the production riser system is attached. This riser system conveys oil and gas to the working deck of a floating production platform where the gas and oil are seperated, the gas is flared and the oil metered. The stabilised crude oil is pumped down the riser assembly and through an underwater flowline to the single point mooring buoy and thence loaded into tankers for delivery.
Two tankers, specially converted for bow mooring and loading under North Sea conditions, are exclusively dedicated under time charter to the transportation and delivery of crude oil from the Argyll field. Their capacity is designed to ensure that delivery times and loading times are in balance *and thus that a tanker is always available to load when the Argyll field is producing. The operation of* the tankers is regulated by a shipping agreement between the Consortium, BNOC and Texaco.
The production platform, the TW 58, was constructed in 1968 as a semi-submersible drilling rig and was used to drill a number of wells in the North Sea for the Consortium. It was converted to the production mode by the removal of drilling equipment and the installation of production and metering equipment. The TW 58 is hired under a long-term contract, recently extended for a minimum period of three years with provision for further extension on terms to be agreed. This contract provides, *inter alia*, for the reconversion of the TW 58 to the drilling mode upon termination of the contract, if the owner so requires, at the expense of the Consortium and Texaco. The Company's share of the estimated costs of reconversion are accrued annually in its financial statements (see "Accountants' Report"). The TW 58 is subject to regular inspection and certification by the American Bureau of Shipping, in compliance with the applicable regulations of the Secretary of State for Energy. The Argyll field production system is subject to operating limits imposed by weather and sea conditions. Historically the effect of these limits and scheduled maintenance and down time for repairs has been that the producing and loading system has had an average annual availability of approximately 80%.
The Hamilton Companies' technical organisation was responsible for the concept and the detailed engineering design of this production system and it has subsequently been used elsewhere.
Experience in operating the Argyll field has indicated that the characteristics of the field are more complex than was originally envisaged and detailed reservoir engineering studies led to the conclusion that drilling extra wells would significantly increase the ultimate recovery. An active infill drilling programme was initiated in 1978. By the end of 1980 six infill wells had been drilled, three of which are at present contributing significantly to production. This infill drilling programme has found a highly productive Rotliegendes sand interval, has helped define the complex Argyll field structure and has assisted in obtaining additional geological and engineering data for prudent reservoir management. As a result, proven reserves, as estimated by ERC, have increased from 26.5 million barrels to 44.7 million barrels (indicating 7.4 million barrels of remaining recoverable proven reserves as at 1st June 1981, of which 2.1 million barrels are attributable to the Company).
The drilling of two further wells has been proposed by the Operator for the Argyll field during 1981 to continue development of the productive Rotliegendes interval, to reduce further the well spacing and to define the productive limits of the Argyll field in a northwesterly direction. The drilling of the first of these wells has been approved by all necessary persons. If the 1981 drilling is successful, two more wells will be proposed by the Operator for 1982. ERC's estimates indicate that recovery from the Argyll field with the above drilling programme could reach 53.7 million barrels (indicating 16.4 million barrels of remaining recoverable reserves as at 1st June 1981, of which 4.7 million barrels would be attributable to the Company). If the four well drilling programme is carried out and is successful the Operator's estimate is that recovery from the Argyll field could reach 57 million barrels (indicating 19.7 million barrels of remaining recoverable reserves as at 1st June 1981, of which 5.7 million barrels would be attributable to the Company) and it could result in additional infill drilling with a possible further increase in recoverable reserves. Current levels of daily production will, however, be maintained only if further drilling on Blocks 30/24 and 30/25a establishes additional proven reserves (see "Petroleum Consultants Report").

'A' Structure – Block 30/24

Well 30/24-15 was drilled in late 1980 on a separate structure ("the 'A' Structure"), four miles west of the Argyll field. This well discovered productive Jurassic sands which tested oil at 9,500 barrels per day. It is planned that well 30/24-15 will be placed on a 90 day production test to start in September 1981, subject to the necessary approvals from the Secretary of State for Energy and to the installation of a flowline to the Argyll field producing facility. This test will help define the limits of the productive structure and determine whether a natural water drive exists.
The Operator considers that the 'A' Structure could represent substantial additional reserves, in which case more drilling will be required to establish and develop the potential of this discovery. If substantial additional reserves are established by such drilling significant additional capital expenditure may be required. The 'A' Structure is close enough to the existing production facility to be linked to it by flowlines but whether this is the most appropriate method of its production will be determined by the production test. The approval of the Secretary of State for Energy will be required before regular production can begin. See "Further Information on North Sea Interests—Summary of Licence Terms and United Kingdom Government Controls".

Other North Sea Interests
Block 30/24

In addition to the Argyll field and the 'A' Structure, several additional undrilled prospects have been identified on this Block.
A major undrilled prospect ("the 'B' Structure") is located down the west flank of the Argyll field and to the east of well 30/24-15. ERC and the Operator consider the "B" structure to be a relatively low risk prospect and ERC estimates that prospective reserves could range from 8 million to 20 million barrels, assuming that hydrocarbons are present. Accounting for the 50% risk that hydrocarbons may not be present ERC estimates, on a risk-weighted basis, that prospective reserves are 7 million barrels (2 million barrels attributable to the Company). This prospect could contain oil in three horizons: the Jurassic, the Zechstein and the Rotliegendes. Well 30/24-4, located down flank of this prospect, was drilled as a step-out well from the Argyll field and encountered oil shows at the top of the Jurassic, but was subsequently abandoned. ERC estimates that the productive closure could be

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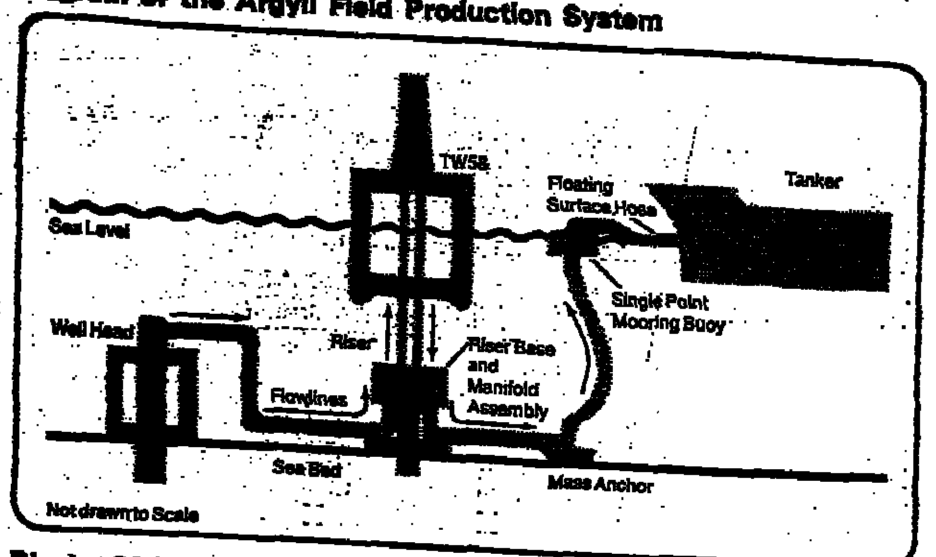
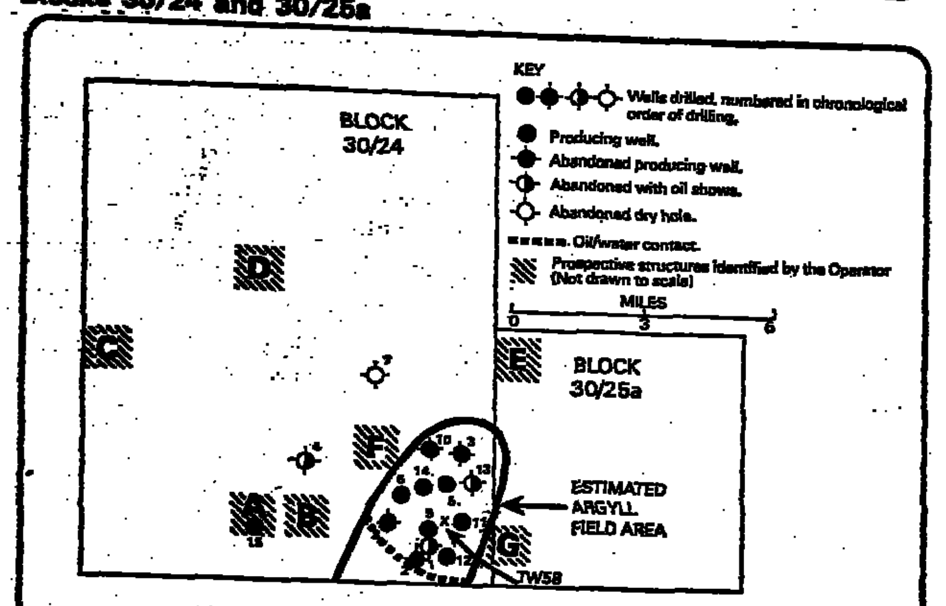
Diagram of the Argyll Field Production System



Blocks 30/24 and 30/25a



as much as 1,000 acres. The Operator has proposed that this prospect should be drilled in late 1981. Several other prospective structures are present on this Block, but are subject to the risks attendant on wildcat drilling. See Section 2.1 of the "Petroleum Consultants Report" and diagram of Blocks 30/24 and 30/25a under "North Sea Interests—The Argyll Field—Block 30/24".

Block 30/25a

The Company owns a 48% interest in this Block which immediately adjoins the south east corner of Block 30/24. Two prospects have been identified. One ("the 'G' Structure") is a possible structural extension of the Argyll field, lying partly in Block 30/24 but mostly in Block 30/25a. It is separated from the currently known productive limits of the Argyll field by faulting. It represents a prospect area of 3,375 acres and could, if it proved productive, be a significant extension to the Argyll field. The Operator has proposed that a well be drilled on this prospect in 1981. The other prospect ("the 'E' Structure"), which covers 2,000 acres, is a Jurassic sand possibility located to the north of and down thrown from the Argyll field boundary fault.

Bunter Gas Area—Blocks 43/8a, 43/13a, 43/15a and 43/20a

The Company owns a 48% interest in Blocks 43/13a, 43/15a and 43/20a. The Company's interest in Block 43/8a is 45% but it is obliged to pay for 48% of all expenditure under the arrangements made when the Consortium farmed in to this Block. Such arrangements also provided that the Consortium is only entitled to petroleum discovered down to a depth of 7,424 feet below the seabed, but this limitation is subject to the consent of the Secretary of State for Energy (which it is believed will shortly be obtained). The Blocks are located 100 to 120 miles due east of Middlesbrough and contain potentially productive reserves from the Bunter sand, which ranges in depth from 4,000 to 6,000 feet.
Block 43/8a contains one gas well. The productive zone was encountered at 5,700 feet and two intervals were found to be hydrocarbon bearing: the upper sand had 20 feet of net pay and no waterline and the lower sand had 107 feet of net pay above water. ERC estimates that recoverable gas reserves are in the range of 75,000 to 100,000 million cubic feet, of which 33,750 to 45,000 million cubic feet are attributable to the Company.
The second gas bearing structure has been tested by wells 43/15-1 and 43/20-1. Both wells found gas over a common waterline. Drill depth to the top of the pay zone was 5,300 feet. ERC estimates that recoverable gas reserves from this structure are in the range of 90,000 to 100,000 million cubic feet, of which 43,200 to 48,000 million cubic feet are attributable to the Company.
Seismic mapping in the area has shown that the productive structures exhibit a seismic bright spot response to the gas. This fact has significant bearing on the gas potential of the undrilled Block 43/13a. Geological mapping has shown the Bunter sands on Block 43/13a to be thicker than in either of the drilled structures. Additionally the seismic bright spot response of the structure on this Block is of superior quality to that of the other Blocks, indicating the likelihood of a thicker gas column in this structure. Accounting for the 5% possibility that no hydrocarbons are present ERC estimates, on a risk-weighted basis, that this prospect could contain some 225,000 million cubic feet of recoverable gas reserves, of which 108,000 million cubic feet would be attributable to the Company. The Consortium intends to drill a well on this Block as soon as a jack-up rig becomes available.
Current proven gas reserves on Blocks 43/8a, 43/15a and 43/20a are inadequate for commercial development at this time. However, should Block 43/13a contain the amount of gas indicated by the seismic evidence, the total reserves in the Bunter Gas area Blocks would almost certainly be commercial, providing the problems referred to below are overcome.
The gas tested from these Blocks is similar to that produced and sold from the Groningen field in the Netherlands. However, the relatively high non-hydrocarbon content renders it below current British Gas Corporation specifications. Treatment would thus be necessary to extract the carbon dioxide, nitrogen and helium present in the gas in order to meet these specifications. The Operator considers that the value of the non-hydrocarbon gases extracted would be approximately equal to the cost of their extraction. Additionally, it will be necessary to negotiate a gas sales contract with the British Gas Corporation at a satisfactory price and on terms which would allow for faster production than an annual offtake of one twentieth of the proven reserves. Sequential depletion of the three structures concerned would also be necessary in order to minimise capital exposure.

Blocks 21/12 and 21/13a

The Company presently owns a 24% interest in these Blocks following a farm-out to Shell and Esso in February 1981. Shell and Esso have conducted a seismic survey and have agreed to drill a well, commencing in 1981, failing which the Company's interest will revert to 48%. These Blocks are located 100 miles east-north-east of Aberdeen and approximately 20 miles west-south-west of the Forties field.
A previous well drilled on Block 21/12 was abandoned at 9,079 feet in possible Permian Zechstein. Although Jurassic sandstones were encountered, there were no oil shows. Shell has recently completed a well in the north west corner of Block 21/19, immediately south east of Block 21/13a, which tested oil at 1,200 barrels per day. Several prospects of a similar type have been mapped on Blocks 21/12 and 21/13a.
A very high level of interest was shown in the seventh Round in open acreage near these Blocks, for which applications were invited at a premium of £5 million per Block. Six Blocks near or adjacent to these Blocks were awarded and this should result in a considerable level of drilling activity in the area over the next few years.

Blocks 12/30a and 18/5a

The Company owns a 48% interest in these Blocks which are located in the Inner Moray Firth Basin close to an area of high interest in relation to seventh Round applications. Large prospective structures exist in both the Jurassic and Rotliegendes sands on both Blocks. Oil shows from the Rotliegendes have been reported from a well on the adjacent Block 12/30b. The Operator is currently evaluating the drilling of a well on one of these Blocks.

Block 30/18

The Company owns a 24% interest in this Block which is located within the Central Graben, 12 miles northwest of the Argyll field and a similar distance east of the Auk and Fulmar fields. The prime prospect is a relatively small structure of Jurassic age on the west side of the Block. If this were found to be productive it would be feasible (subject to the consent of other interested parties) to tie any production into the adjacent Clyde discovery when this is developed. To date two wells have been drilled on the east side of the Block, which have found thin oil-bearing Paleocene sands, as well as high pressure Jurassic gas shows. These accumulations however appear too small for development in the foreseeable future. The operator, Tenneco United Kingdom Inc., is currently reviewing geophysical and geological data, prior to making any recommendations concerning future exploration of the Jurassic sands on the west side of the Block.

Blocks 9/23a and 9/24a

Following a farm-in in February 1981 the Company has now earned a 12% interest in these Blocks which are located immediately to the north of the Crawford discovery. In the seventh Round BP Petroleum Development Limited and Transworld Petroleum (UK) Limited acquired the acreage immediately to the east of these Blocks for a £5 million premium. A well to test the Paleocene sands was plugged and abandoned as a dry hole in April 1981. Recent seismic data has indicated that there is a deeper Jurassic sand play extending on to this acreage from the north-east. The Operator is reviewing this data to determine whether further drilling is appropriate.

Block 22/3a

Subject to the approval of the Secretary of State for Energy and the participants in the Licence, the Company will acquire a 4.17% interest in this Block, which is located at the northern end of the Central Graben, for a consideration of 4.17% of the costs incurred by such participants on this Block since 1st December 1979. The payment for this has been reflected in the accounts of the Company for the period ended 31st December 1980. To date one well has been drilled to a depth of 14,550 feet. It penetrated poor quality sandstones with gas shows. The shallower sands contained reservoir quality sands with residual oil saturations. There is some remaining potential in deeper horizons. The Company is not aware of any current intention for further drilling on this Block.

General Information

Areas of Mutual Interest

The Company is subject to a number of areas of mutual interest agreements or understandings with other participants in some of the Licences in which it owns an interest. Typically, AMIs (which are common in the industry) provide that if any party to the AMI proposes to acquire an interest in specified acreage adjacent to the Blocks held under the Licence, the other parties to the AMI will be entitled to acquire a proportion of that interest, generally a similar proportion to that which the participant owns in the relevant Block.

Work Obligations and Relinquishment

The minimum work obligations and mandatory area surrender provisions under the terms of Licences (see "Further Information on North Sea Interests—Summary of Licence Terms and United Kingdom Government Controls") have now been satisfied in respect of all Blocks in which the Company is beneficially interested.

International Interests

North American Joint Ventures

The Company, through its wholly owned US subsidiary Hamilton Oil Great Britain (Colorado—USA) Corporation, has committed to invest $5 million in the 1981 North American Joint Venture, which represents approximately 4.8% of this North American Joint Venture's agreed budget of $105 million. The Company will have an equivalent beneficial interest in all properties acquired by this North American Joint Venture. The Company will also participate, unless it elects not to do so, in the 1982 and 1983 North American Joint Ventures, the contributing commitment for each of which would be (at the Company's option) no less than $2½ million and no more than the higher of $5 million or 4.8% of the relevant North American Joint Venture's budget. The North American Joint Ventures are, and will be, partnerships or co-ventures formed on a year by year basis between Hamilton Petroleum and Hamilton Oil, the latter acting on behalf of certain of its affiliates which would include the Company. Hamilton Oil will have total discretion and authority over the acquisition, exploration, development and production activities of the North American Joint Ventures. No management fee will be charged by Hamilton Oil for its services. However, Hamilton Oil's administrative overhead expenses will be allocated among the North American Joint Ventures and the other entities for which it provides services in a manner that it considers equitable.
The principal activity of the North American Joint Ventures is and will be the exploration for and production of oil and gas in the United States and, to a lesser extent, Canada. It is expected that no more than 3% of the 1981 North American Joint Venture's budget will be spent in Canada. The North American Joint Ventures may also engage in other energy-related businesses, such as coal mining, oil refining and marketing, but such businesses are not expected to account for more than 10% of their respective budgets. Funds for North American Joint Venture budgets will be called by Hamilton Oil as they are required, up to the maximum commitment of each participant. Generally the commitment is called over three years, 60% in the year to which the North American Joint Venture relates, 25% in the following year and 15% in the year thereafter. Properties acquired for the North American Joint Venture will in general have been acquired with funds contributed by earlier North American Joint Ventures which will be reimbursed at cost. Recent North American Joint Venture budgets have been as follows: 1977—$26 million; 1978—$25 million; 1979—$30 million; 1980—$50 million.
By participating in the North American Joint Ventures, the Company will be participating in virtually all onshore oil and gas prospects on which drilling is commenced by Hamilton Oil in the United States and Canada in the year to which the relevant North American Joint Venture relates, in virtually all offshore oil and gas prospects acquired by Hamilton Oil in both countries during the same year and in the subsequent exploration, development and production activities with respect to such prospects, both onshore and offshore. For cases where prospects will not be included in a particular North American Joint Venture see "Further Information on Other Petroleum Interests—North American Joint Ventures".
The Company's participation in the 1981 North American Joint Venture is through a general partnership in which the Company's US subsidiary, along with certain other affiliates of Hamilton Oil, is a partner. As such, the US subsidiary will be responsible for its pro rata share of capital contributions to the partnership to the extent of its commitment to such North American Joint Venture, will participate in all the partnership's profits, losses, costs and expenses (including administrative overhead expenses) and cash distributions to the extent of its proportionate capital interest, and will with the other partners be liable for the debts of the partnership. The Company has guaranteed the payment of a percentage of the debts of each partnership equal to the percentage interest therein held by its US subsidiary. Hamilton Oil will act as managing agent for the partnership with full power, discretion and authority to act on its behalf. No management fee will be charged by Hamilton Oil for its services.
In exploration joint ventures of the nature of the North American Joint Ventures there is an inherent possibility of conflicts of interest arising, for example in the allocation of leases or resources to different joint ventures. In connection with its activities in respect of the North American Joint Ventures, Hamilton Oil will have conflicts of interest and is expressly excluded from all liability except in cases of gross negligence, wilful misconduct or bad faith.
For further details on the structure of, and agreements relating to, the North American Joint Ventures see "Further Information on other Petroleum Interests—North American Joint Ventures".
Summarised below is a description of the principal prospects held by the 1981 North American Joint Venture and their status at 29th June 1981:—

Location and Prospect	Gross Acres(1)	1981 North American Joint Venture Interest %	Drilling Results	Estimated Costs to Joint Venture (2) $000
Wells drilled(3)				
Texas—				
Smiley	1,000	100.0	oil discovery	500
N. E. Kurten (two wells)	8,400	50.0	oil and gas shows	640
Alberta, Canada—				
Henderson Creek	2,560	6.25	gas discovery	50
Wells currently drilling				
Texas—				
Washita Creek	3,000	50.0		2,256
Fifteen Mile Creek	2,105	31.25		522
N. E. Kurten (two development wells)	8,400	50.0		640
Smiley (development well)	1,000	100.0		500
Oklahoma—				
Turner Falls	46,178	18.75		0
South Segar	5,760	73.0		1,312
Fort Cobb	640	91.0		850
Stringtown	8,656	18.0		26
Swan Lake	2,370	51.85		1,415
Hopewell	3,284	43.75		524
Louisiana—				
Bayou Crook Chene	2,000	33.3		720
North Gueydan	900	50.0		780
Offshore Texas—				
Mustang Island block 748-L	5,760	25.0		1,750
Utah—				
Fish Lake	147,000	50.0		2,467
Wyoming—				
Arrowhead	24,320	33.3		1,152
Other significant wells scheduled				
Wyoming—				
S. Evanston	23,680	33.3		4,521
Other prospects acquired				
Offshore Louisiana (Gulf of Mexico)—				
South Pelto block 2	3,345	10.0		4,160
West Cameron block 58	5,000	16.67		1,000
West Cameron block 59	5,000	16.67		2,000
West Cameron block 79	5,000	16.67		50
Offshore California—				
Tract Number 182	5,693	7.5		3,160

Notes:
1. In conformity with normal industry practice, title to the properties, other than sites where drilling operations has commenced, have not been fully investigated.
2. In the case of wells drilled, the costs include acquisition costs and, where appropriate, costs to completion. In the case of wells currently drilling or scheduled, only acquisition and estimated dry hole drilling costs are included, except for the development wells and the Fort Cobb well where completion costs are also included. In the case of other prospects acquired only acquisition costs are included since no exploratory drilling proposals have been finalised.
3. In addition the 1981 North American Joint Venture has participated in the drilling of four dry holes (offshore Texas, onshore Texas, offshore Louisiana and in Alberta, Canada) at a total estimated cost to it of $2,876,000.

The 1981 North American Joint Venture also owns a 25% interest in Hamilton Offshore Development Company which has been formed to invest in offshore properties on which production is not economically feasible with fixed facilities, but which may be with floating facilities using the Hamilton Companies' experience and technology in this area.

Hamilton Oil—History of management activities

Hamilton Oil has been actively involved in oil and gas exploration since 1959 and has made significant discoveries in the United States, Canada and the North Sea. Hamilton Oil employs over 300 people, including approximately 100 technical staff.
Summarised below is the record of the world-wide drilling activites organised or participated in by Hamilton Oil (other than a small participation in Indonesia acquired in 1970 and sold in 1972) in each year from 1970 to 1980:

EXPLORATORY WELLS

	Wells Drilled		Productive		Dry Holes	
	Gross	Net	Gross	Net	Gross	Net
1970	12	2.00	6	0.67	6	1.33
1971	24	6.68	13	2.47	11	4.21
1972	16	6.49	1	0.50	15	5.99
1973	14	7.14	2	0.12	12	7.02
1974	30	10.55	8	2.18	22	8.37
1975	67	20.00	18	4.75	49	15.25
1976	50	14.86	13	2.06	37	12.80
1977	38	10.49	12	2.52	26	7.97
1978	49	11.71	23	4.84	26	6.87
1979	67	17.76	35	9.40	32	8.36
1980	84	25.30	49	12.96	35	12.34
Total Wells	451	132.78	180	42.47	271	90.31

% of Total Gross Wells Productive (Cumulative Average) = 39.91%

DEVELOPMENT WELLS

	Wells Drilled		Productive		Dry Holes	
	Gross	Net	Gross	Net	Gross	Net
1970	39	6.67	30	3.86	9	2.81
1971	31	3.84	26	3.31	5	0.53
1972	65	9.78	63	9.57	2	0.21
1973	63	8.53	53	7.29	10	1.24
1974	39	5.15	35	4.66	4	0.49
1975	58	10.97	48	9.30	10	1.67
1976	50	6.47	46	5.34	4	1.13
1977	38	5.12	35	4.41	3	0.71
1978	19	3.76	19	3.76	0	0.00
1979	21	5.03	14	2.59	7	2.44
1980	43	11.90	32	8.26	11	3.64
Total Wells	466	77.22	401	62.35	65	14.87

% of Total Gross Wells Productive (Cumulative Average) = 86.05%
Definitions for the purpose of the tables immediately above are as follows:—
Development wells are any wells drilled on the same structure or feature after a successful exploratory well; productive wells are those deemed capable of commercial production; gross wells are the total number of wells in which an interest is owned; and net wells represent the sum of the products of each gross well multiplied by the percentage of the working interest owned.

Hamilton International Joint Venture

The Company is committed to contributing up to $2,500,000 to the International Joint Venture exploration programme. The International Joint Venture was established in September 1980 to conduct oil and gas exploration throughout the world, except in the 48 contiguous states of the United States and Canada and their territorial waters. The exploration term of the International Joint Venture is a three year period ending 15th September 1983, and the total exploration budget is $25 million. The Company is committed to paying 10% of the International Joint Venture's exploration expenditure in order to earn an approximate 7.6% interest in each commercial prospect before recovery of costs ("payout") and an approximate 6.9% interest in each after payout. With the exception of Hamilton International, the respective ratios of expenditure to participation and the before and after payout interests are common to all participants in the International Joint Venture, all of which are substantial corporations or subsidiaries thereof. Hamilton International as managing agent will pay 15% of exploration expenditure to earn a 35% interest in each commercial prospect before payout and a 41⅔% interest in each after payout.
As the International Joint Venture was formed after applications for the seventh Round had closed, it has not acquired interests in any Blocks to date. However, subject to the approval of the Secretary of State for Energy and the consent of the other participants in the Licence, Hamilton International will farm-out its interest acquired in Licence P257 to the International Joint Venture at cost, which includes the cost of drilling the dry well on Block 9/23a referred to under "North Sea Interests—Other North Sea Interests—Blocks 9/23a and 9/24a". The International Joint Venture is expected to participate, *inter alia*, in the eighth and any subsequent Rounds prior to the expiry of its exploration term and is also actively pursuing opportunities in several other countries. It is expected that the entire International Joint Venture exploration budget will be committed prior to the expiry of its exploration term.
The International Joint Venture is managed by Hamilton International, and prospects acquired by Hamilton International on behalf of the International Joint Venture will be held by Hamilton International in trust for the participants. When a prospect becomes commercial, or failing this upon the expiry of the exploration term, the participants' interests in such prospect will be assigned to them under a joint operating agreement. During the exploration term of the International Joint Venture, Hamilton International will have total discretion and authority over the acquisition and exploration of prospects, and is expressly excluded from all liability except in cases of gross negligence, wilful misconduct or bad faith.

Hamilton International Shareholding

The Company has recently acquired from Hamilton Oil 100,000 shares of common stock of Hamilton International (2% of the outstanding common stock) for $1,700,000. Hamilton Oil acquired these shares for $1,500,000 in September 1980.
Hamilton International, a private US corporation, owns licence interests in the United Kingdom and Dutch sectors of the North Sea, offshore Korea, the Italian Adriatic and the North Slope of Alaska.
Hamilton International became operational in 1980 by the contribution of the majority of its present assets in exchange for four million shares of common stock (being 80% of the common stock outstanding) and by the contribution of $15 million in cash for one million shares of common stock (the remaining 20% of the common stock outstanding). Hamilton International's assets include a 22½% interest in Licence P209 which covers, *inter alia*, the undeveloped Bruce discovery. No decision has yet been made to develop the Bruce discovery, but the Operator estimates this field's proven reserves to be approximately 697,000 million cubic feet of gas and 125 million barrels of condensate (155,000 million cubic feet of gas and 28 million barrels of condensate attributable to Hamilton International).
Hamilton International also has an approximate 14% interest in 12,800 acres in the Milne Point unit on the North Slope of Alaska. Recoverable reserves on this property are uncertain and must be supported by additional drilling and testing. However, based on the results of the wells drilled to date, the operator (Conoco, Inc.) has outlined a preliminary development programme for 1981 to 1987 which may be followed if production is considered to be economic.
Other assets include an approximate 18.9% interest in the Gwydyr Bay unit on the North Slope of Alaska, a 25% interest in a 5,419 acre lease in the Beaufort Sea, an approximate 9.3% interest in 5 concession areas comprising 17 million acres offshore Korea (in the East China sea), interests in approximately 534,000 gross acres (57,000 net acres) of exploration acreage in the UK and Dutch sectors of the North Sea and other miscellaneous licences. Hamilton International has also been awarded a 30% interest in Block 43/26 in the seventh Round.
The management and technical staff of Hamilton International and Hamilton Oil, including personnel experienced in international oil and gas exploration, development and production, manage Hamilton International's assets and those of the International Joint Venture.

Option to acquire Canadian Properties

The Company has an option granted by Hamilton Oil and Hamilton Petroleum to acquire an undivided 25% of their aggregate interests in four proven oil and gas properties in Canada, three of which are in Alberta and one of which is in British Columbia. The option may be exercised at any time prior to 1st February 1982 (unless extended by mutual agreement). The properties are presently in the development stage with significant production expected to commence in 1983. The option provides for the payment by the Company of a total purchase price equal to the price which may be agreed to by an unrelated Canadian purchaser for an equivalent interest in the same properties. In the event that such agreement is not reached by 31st December 1981 the option will lapse, unless the parties should otherwise agree.
Acquisition of the properties under the option would be subject to approval by the Canadian Government under the Foreign Investment Review Act of Canada ("FIRA"). The Company has been advised by Canadian counsel that approval under FIRA is by no means assured, and in fact, such approval may be difficult to obtain. Exercise of this option would be at the discretion of the Board and any acquisition would be subject to the prior approval of shareholders in general meeting.

Other Future Exploration Activities

In addition to the exploration described under "North Sea Interests" and "International Interests", the Company will be free to participate in other activities in the North Sea or elsewhere, either in association with other Hamilton Companies or with parties unrelated to the Hamilton Companies. The basis on which such participations are entered into will be determined by the Board. No constraints upon the Company's activities will arise by virtue of the Company's participation in the 1981 North American Joint Venture, the International Joint Venture or in the Consortium except by virtue of pre-existing agreements, including AMIs, to which the Company is a party. Investments which are not in association with other Hamilton Companies will be made without the technical assistance of any other Hamilton Company. The Company will have access to technical information held by the other Hamilton Companies in cases where it has an ownership interest in common with them.

Hamilton Companies

The Hamilton Companies include Hamilton Oil, Hamilton Petroleum and Hamilton International. Neither the Company nor any of these three companies is the subsidiary of any one or more of the others. Frederic C. and Ferris F. Hamilton (who are brothers) are significant shareholders in all Hamilton Companies and, with the exception of the Company, exercise management control over them. Hamilton Oil and Hamilton International each provide management and administrative services to other Hamilton Companies, including one another. Certain of the officers of Hamilton Oil are also officers of Hamilton Petroleum and Hamilton International. Frederic C. and Ferris F. Hamilton are both Directors of Hamilton Oil, Hamilton Petroleum, Hamilton International and Hamilton Oil & Gas (the operator for most of the Company's North Sea assets) and Frederic C. Hamilton is a Director of the Company. Robert M. Jenney is a Director of the Company and Hamilton Petroleum. Robert A. Henderson is a Director of the Company and Hamilton Oil & Gas. There are no other Directors who are common to two or more of these companies.
Hamilton Oil is a private US corporation which is owned by Frederic C. and Ferris F. Hamilton in equal shares. Hamilton Oil, its Canadian associate and its United Kingdom subsidiary are the management companies for the Hamilton Companies' operations in the United States and Canada, and, with Hamilton International, in the United Kingdom. Hamilton Oil manages the North American Joint Ventures.
Hamilton Petroleum is a US corporation whose stock is actively traded on the over-the-counter market in the United States. It is a broadly-based oil and gas exploration and production company with assets in the United States, Canada, the United Kingdom and Dutch sectors of the North Sea, offshore Korea and elsewhere. Through various subsidiaries and associates, Hamilton Petroleum is also engaged, principally in the US, in gas gathering and transportation systems, gas processing, petroleum refining and supply, terminal operations and coal mining. Substantially all of Hamilton Petroleum's oil and gas exploration activities are conducted through the North American Joint Ventures, co-ventures with the International Joint Venture and through or with other companies or entities controlled by Frederic C. and Ferris F. Hamilton. In addition, Frederic C. and Ferris F. Hamilton together, and Robert M. Jenney, own or have the power to vote approximately 48% and 9% respectively of Hamilton Petroleum's outstanding common stock, and other shareholders of the Company own a significant amount of common stock in Hamilton Petroleum.
Hamilton International is a private US corporation which is also controlled by Frederic C. and Ferris F. Hamilton and is the managing agent of the International Joint Venture. US partnerships in which Frederic C. and Ferris F. Hamilton and/or entities controlled by them are the general partners and/or managing partners own 80% of Hamilton International's outstanding common stock. Other shareholders of the Company are also partners in such US partnerships. The Company owns 2% of Hamilton International's common stock and other participants in the International Joint Venture, who are otherwise unrelated to the Hamilton Companies, own the remaining 18%.
Upon completion of this Offer for Sale it is anticipated that Frederic C. and Ferris F. Hamilton will own in total, directly or indirectly, approximately 24% of the ordinary shares of the Company in issue and approximately 51% of the Company's shares will be owned by US residents who are in partnerships with, or otherwise have continuing business relationships with, Frederic C. and Ferris F. Hamilton (see "Statutory and General Information—Other Significant Interests").
The Company's investment in the 1981 North American Joint Venture, and also in the 1982 and 1983 Joint Ventures if it decides to participate in them, will be on a similar basis to Hamilton Petroleum, which is a more favourable basis than similar investments made by investors not otherwise connected with the Hamilton Companies. Such unconnected investors pay 99% of the costs of the respective partnerships through which they invest in North American Joint Ventures until recovery of their investment and own either a 64% or 65% interest in such partnerships. The Company (as well as Hamilton Petroleum) owns an interest in the 1981 North American Joint Venture equal to its percentage contribution to costs.
The Company's participation in the International Joint Venture will be on a similar basis to participation by those investors not otherwise connected with the Hamilton Companies.

Directors and Management

The Directors of the Company are as follows:—
Frederic C. Hamilton, aged 53, has been Chairman of the Company since its formation in 1984. His career in the oil and gas industry began in 1949. He has been President and Chief Executive of Hamilton Oil since its formation in 1959; Chairman and Chief Executive of Hamilton Petroleum since its formation in 1969; and Chairman and Chief Executive of Hamilton International since its formation in 1979. He is also a Director of United States Trust Company of New York, The First National Bancorporation, Inc., Gates Learjet Corporation, Gulf Energy & Development Corporation and Celanese Corporation.
John W. R. Sutcliffe, aged 57, was appointed Managing Director on joining the Company in 1981. Previously he had worked for The British Petroleum Company Limited ("BP") for 30 years, becoming a Managing Director in 1975. During his employment with BP his responsibilities included being the regional co-ordinator for the Middle East, the leader of international oil industry teams negotiating at ministerial level with OPEC and other major oil producers and Chairman of the executive committee of BP International Limited, previously named BP Trading Limited (BP's principal operating subsidiary).
Robert A. Henderson, aged 63, has been a non-executive Director since 1973. He has been Chairman of Kleinwort, Benson, Lonsdale Limited since 1978 and its subsidiary Kleinwort Benson since 1975. He is also a non-executive Director of British Airways, Cadbury Schweppes Limited and Inchcape & Co. Limited.
Robert M. Jenney, aged 62, was appointed to the Board as a non-executive Director in 1981. He has been a Director of Jenney Oil Company, Incorporated since 1946 and President since 1957, and a Director of Hamilton Petroleum since 1969. He is also a Director of Houston Natural Gas Corporation, Combustion Engineering, Inc., General Energy Corporation, Perini Corporation and Shawmut Bank of Boston, N.A.
Sir Peter Matthews, A.O., aged 58, was appointed to the Board as a non-executive Director in 1981. He has been Chairman of Vickers Limited since 1980 having previously been Managing Director of that company since 1970. He is also Chairman of Pegler-Hattersley Limited and a non-executive Director of The British Electric Traction Company Limited, Lead Industries Group Limited, Lloyds Bank Limited and Sun Alliance and London Insurance Limited.
Mr. Sutcliffe is at present the only employee of the Company. He intends to devote the greater part of his time to the affairs of the Company, which will be his only employer.

Services Agreement

The Company has entered into a services agreement with Hamilton International and Hamilton Oil. This agreement can be terminated by the Company at the end of each year. Hamilton International and Hamilton Oil may not terminate it before 1st January 1984. Under the agreement the Company will be provided with administrative, accounting, data processing, tax, legal, secretarial and other non operational services and, except with respect to its activities and investments which are not in association with the Hamilton Companies, management, exploration, production, engineering and other operational services. No fee will be charged by Hamilton International and Hamilton Oil for these services. The Company will reimburse Hamilton International and Hamilton Oil for their costs and expenses, including an allocated share of administrative and overhead expenses, such allocation to be made by Hamilton International and Hamilton Oil in an equitable manner.

Profits and Dividends

The Company's results for the five years ended 31st December 1980, as more fully detailed under "Accountants' Report" are as follows:—

	Years ended 31st December				
	1976	1977	1978	1979	1980
	£000	£000	£000	£000	£000
Turnover	18,893	14,284	10,122	18,300	25,868
Hire of plant and machinery	(2,463)	(2,868)	(2,758)	(3,032)	(3,022)
Depletion and depreciation	(1,353)	(3,042)	(993)	(2,004)	(3,138)
Provision for abandonment costs	(142)	(870)	(277)	(402)	(373)
Other operating costs and expenses	(3,671)	(2,349)	(2,134)	(2,566)	(4,393)
Operating profit	9,264	5,155	3,960	10,296	14,942
Interest income	420	735	696	1,713	3,924
Profit before taxation	9,684	5,890	4,656	12,009	18,866
Taxation	(4,969)	(2,323)	(2,281)	(6,089)	(9,649)
Profit for the year	4,715	3,567	2,375	5,920	9,217
Earnings per share	9.4p	7.1p	4.7p	11.8p	18.4p

Substantially all of the Company's profit comes from the sale of crude oil from its 28.8% interest in the Argyll field and from investment income earned on surplus funds. Crude oil production in a given period is dependent on the combined flow rates of oil from the individual wells and the status of the field's production facilities, which can be shut down for various reasons including bad weather, servicing or repairs. The Argyll field has been on production for approximately 60% of the time during its life and its production history is shown under "North Sea Interests—The Argyll Field—Block 30/24".
Oil sales are generally at dollar prices and the combined effect of variations in the dollar price of oil and the £/$ exchange rate has led to significant variations in the Company's receipts expressed in sterling. The Company's principal operating costs are also payable in dollars and generally do not vary with the level of daily production. The majority of these costs relate to the TW58 floating production platform, tankers, helicopters and support vessels.
The Company uses the full cost method of accounting whereby all costs incidental to the acquisition, exploration and development of properties, including the costs of dry or uncommercial wells, are capitalised in a single cost pool in respect of the North Sea. The capitalised costs (that is net capitalised costs brought forward plus the current year's capitalised costs) are written off by the unit-of-production method, whereby the proportion written off in each year is equal to that year's oil production (in barrels) divided by the sum of that year's oil production plus estimated remaining proven reserves at the end of the year (in barrels). In 1977, total reserve estimates were reduced to below 25 million barrels from over 40 million barrels, because the characteristics of the Argyll field were found to be more complex than was originally envisaged. This resulted in a larger than usual increase in depletion, depreciation and abandonment provisions in 1977. When it was found that drilling extra wells would significantly increase recovery, the reserve estimates were increased, producing a lower charge in 1978. The charge increased in 1979 and 1980, reflecting increased costs incurred in infill drilling in those years.
The Company is subject to corporation tax on its taxable profits, but petroleum revenue tax has not been payable to date. Whether the Company incurs petroleum revenue tax or supplementary petroleum duty in relation to its interest in the Argyll field in future periods will depend upon the level of production from the field in each period and the continued availability of deductions such as oil allowances, which effectively protect smaller fields from significant liability.

Current Trading

The principal determinants of the Company's 1981 revenue will be the Argyll field production levels, the price of North Sea oil, the £/$ exchange rate and interest rates in the dollar and sterling deposit markets. These factors can, and do, vary significantly.
The Directors anticipate a lower level of production from the Argyll field in 1981 than in 1980. This is not expected to alter ultimate reserve recovery from the field, but it will defer revenue until 1982 or later with a consequent effect on 1981 profits. Production from 1st January to 31st May was 1,780,000 barrels (approximately 512,600 barrels attributable to the Company) compared with 2,924,000 barrels (approximately 842,000 barrels attributable to the Company) in the corresponding period of 1980. Average well production potential has been less in 1981, though production has also suffered from unusually severe weather and mechanical difficulties (now corrected) with the single point mooring buoy. An additional factor in lowering 1981 production expectations is the planned downtime for the TW 58 production platform this summer. During shutdown, the TW 58 will be towed to a shipyard in Rotterdam to be fitted with four 14 foot diameter stability columns, before inclination tests required by the Secretary of State for Energy are carried out. The cost of this work will be borne by the owner of the TW 58 and not by the Consortium. The addition of these buoyancy columns will improve floating stability and variable deck loading capacity and should result in less downtime in the future. With this added load capacity, less load shedding in storm conditions will be required and/or additional production equipment can be installed if required for additional discoveries in the Argyll field or other structures on Blocks 30/24 or 30/25a. This downtime is scheduled to last from five to eight weeks during the summer, which has historically been a time of high production.
BNOC has exercised its right for 1981 and 1982 to purchase 51% of the Company's share of production from the Argyll field. The Company has agreed to sell all its other 1981 production to Texaco at the BNOC selling price for crude oil from the Argyll field. The average price received by the Company for cargos delivered between 1st January and 14th June 1981 was $39.50. However, with effect from 15th June 1981 the BNOC selling price for Forties field crude oil was reduced by $4.25. As a result, for the period 15th June to 30th September the price at which the Company will sell crude oil produced from the Argyll field to BNOC under the participation agreement is $35.25 per barrel, unless (a) there is an increase in the official government selling price of Saudi Arabian light crude, in which case the price agreed with BNOC will increase cent for cent with the increase in such price or (b) (notwithstanding that such official price for Saudi Arabian crude remains unchanged) there is a significant cut in Saudi Arabian production or a general increase in the prices of crude oil traded internationally on a term basis and/or the official government selling prices of non-United Kingdom major crude oils are increased, in which case the Company may request a price review to take effect from the date of the announcement of any such event. The Directors cannot predict what, if any, changes there might be hereafter in the price at which the Company's crude oil is sold. During 1980 the Company sold its crude oil at an average price of $36.00 per barrel.
During 1980, the monthly average exchange rate recorded by the Company was approximately £1 to $2.32, compared with an average for this year, until 30th June, of approximately £1 to $2.20. The middle market spot exchange rate in the London market at the close of business on 30th June 1981 was £1 to $1.9305. An increase in the value of the dollar compared with sterling produces an increase in the Company's reported turnover.
Operating expenses are expected to increase in 1981 compared with 1980, particularly because of an increase in the TW 58 daily lease rate from $24,000 to $46,000 (an increase of $6,336 per day attributable to the Company) from 1st June 1981.

Profit Projection

Forecasting the Company's results for 1981 is particularly difficult because of the cumulative effect of the wide variations which are possible in factors outside the control of the Company. However, as a

guide to profits. (i) assuming the 1981 production levels expected by the Operator are achieved, (ii) assuming current BNOC prices in respect of crude oil from the Argyll field and current exchange and interest rates are all maintained for the rest of the year and (iii) assuming that the drilling programme outlined below is carried out and achieves overall results which the Operator believes may reasonably be expected, the Directors' best estimate is that the profits after tax of the Company will be of the order of 20% below last year's level, but the potential variations from this may be large. (See "Risk Factors" and the reports of Deloitte Haskins + Sells and Kleinwort Benson under "Further Financial Information").

Proposed Drilling Programme

The Operator has proposed an active drilling programme on Blocks 30/24 and 30/25a for the remainder of 1981, which, if it is carried out, could have a significant effect on the value of the Company. The programme currently envisages the drilling of two infill wells on the Argyll field and two exploratory wells on other structures on these Blocks. Only the drilling of the first infill well has been approved by all necessary persons. Although Hamilton Petroleum and the Company have approved the remaining wells, consents are also required from other parties and are being sought by the Operator. Under "North Sea Assets" and "Petroleum Consultants Report" there is further information concerning the structures proposed to be drilled. The drilling programme currently envisaged by the Operator is as follows:

1. Two infill wells on the Argyll Field:
Three of the last six wells drilled on the field have been successful, that is they have resulted in a significant increase in production. If successful, each of the two planned infill wells could, in ERC's opinion, add an estimated 3 million barrels to proven reserves, of which 864,000 barrels would be attributable to the Company. Success with this infill drilling could be expected to lead to further infill wells being proposed by the Operator in an attempt to establish further proven recoverable reserves.

2. An exploratory well on the 'B' structure:
The Operator and ERC believe this structure to be a relatively low-risk prospect and ERC considers that there is a 50% possibility of oil being present in commercial quantities. If oil is present, it is estimated by ERC that recoverable reserves could be in the range of 8 to 20 million barrels (2,304,000 to 5,760,000 barrels attributable to the Company), although a single well would not be capable of proving the presence of all of this quantity. If oil is present in commercial quantities on this structure the producing life and reserves of the Argyll field will be extended, since the minimum economic rate of production through the Argyll facilities could continue to be achieved beyond the point at which it could be achieved by the Argyll field alone. Success with this well would also encourage the Operator to propose further exploratory drilling on other structures identified on Blocks 30/24 and 30/25a.

3. An exploratory well on the 'G' structure on Block 30/25a:
The probability of this exploratory well finding hydrocarbons in commercial quantities is only that typical for exploratory wells in the North Sea, which is estimated by ERC to be currently between 1 in 10 and 1 in 15. However, a successful well would result in significant additional reserves for the Argyll field. The Operator expects that such reserves would be produced through the TW 58 production facilities on Block 30/24 and in relation to this discussions are currently taking place. The Company has a 48% interest in Block 30/25a, compared with a 28.8% interest in Block 30/24.

In addition to the above drilling programme proposed by the Operator, the 90 day production test planned for well 30/24-15 will provide an indication of the potential for discovering additional proven reserves and of the producing capacity of the 'A' Structure and, together with the results of the proposed drilling on the 'B' Structure, will enable the Operator to develop a long term cost effective exploration/development programme for proven and prospective reserves in Blocks 30/24 and 30/25a.

Shell and Esso are also obliged to drill an exploratory well on Block 21/12 or 21/13a during 1981, at no cost to the Company, under the terms of the farm-out referred to under "North Sea Interests — Other North Sea Interests — Blocks 21/12 and 21/13a".

The Company's current budget for 1981 includes £9,600,000 as its share of the costs anticipated for the North Sea drilling programme set out above and the cost of drilling an exploratory well on Block 9/28a during the first quarter of 1981, which did not encounter commercial oil or gas shows. The Company's drilling, development and related costs in 1979 and 1980 were £2,683,000 and £3,591,000, respectively.

Dividends

The Company expects to reinvest a majority of its profits for the next few years and is therefore unlikely to pay substantial dividends until such time as proposed expenditures produce significant additional cash flow. The Directors intend to pay a dividend of 1p per ordinary share in April 1982 in respect of the year ending 31st December 1981.

Reasons for the Offer for Sale

Most of the present shareholders made the investment which has led to their present shareholding *during the late 1960's and early 1970's. While the Company was a private company there was little* market for its shares and the shareholders' return on their investment has consisted of the redemption of preference shares and, in recent years, dividends on ordinary shares. To allow the Company to reinvest a greater proportion of its earnings, while giving shareholders, particularly those with smaller holdings, the ability to realise more readily their investment when desired, certain of the Company's shareholders are offering a portion of their ordinary shares in the Company to Kleinwort Benson for reoffering to the public. At the same time, the Company has applied for a listing on The Stock Exchange.

Risk Factors

Many investments in the energy sector are of a speculative nature, in particular those dependent on exploration for, or recovery of, oil and gas. The economic assessments that the Company will make, particularly as regards the future price of oil and gas, general economic conditions and the costs and revenues of particular projects, will be subject to uncertainty. The Company's decisions will be based on available technical and other information, much of which will involve subjective judgment and interpretation.

The following matters, *inter alia*, should be considered, any of which may adversely affect the Company's profitability:—

- As described under "Profits and Dividends", the Company's profitability is principally determined by production from the Argyll field. While ERC's estimated future production from the Argyll area indicates continued production until at least 1985 (see "Petroleum Consultants Report—4.0 Engineering Review—Tables 4 and 5"), production from particular wells could decrease more rapidly than predicted and, because of the strong water drive, water out at any time, thereby necessitating additional infill drilling.
- *Production from the Argyll field is dependent upon the operability of the TW 58 and the SPM.* If the TW 58 or SPM should become inoperative for a prolonged period because of damage to facilities, maintenance, modifications called for under certification procedures or for operational reasons, or for any other reason, the earnings of the Company would be adversely affected to the extent that production was discontinued. Since production commenced in June 1975 the longest periods of time during which production was shutdown because of TW 58 or SPM repairs were 58 days and 43 days respectively.
- As described under "Further Information on North Sea Interests—Summary of Licence Terms and United Kingdom Government Controls", Licences in which the Company has or may have an interest are likely to be subject to, *inter alia*, government control of timing of development and levels of production, state participation, restrictions on the transfer of interests and *changes in control. Existing Licences provide that a Licence is subject to revocation in the* event of a breach of its conditions by any licensee. The Government has given assurances that no production cutbacks would be required until 1982 for certain discoveries which would include the Argyll field. It is not known whether the Government will require such production cutbacks or their extent if imposed.
- The oil and gas industry generally is the subject of government regulation, which in addition to the above includes the power to control prices, and is a major source of taxation revenue.
- No assurance can be given that the Company will discover additional oil or gas reserves.
- Exploratory wells, particularly offshore wells, may be very expensive to drill and a substantial risk exists that numerous wells will be drilled which are either dry or uncommercial. In the case of offshore discoveries a number of years may elapse from the time of discovery before production commences.
- Production, development and exploration operations, particularly offshore, are subject to a wide range of physical hazards including bad weather, pollution, fire and marine perils, not all of which may or can reasonably be insured against.
- The Company may, in certain circumstances, be unable to raise sufficient finance to meet its proportion of development costs which may arise as a result of current or future investments. As a consequence, the Company might be forced to reduce its interest in any such development.
- Direct investment in the energy industry may involve the Company in a number of material contingent liabilities and operators may acquire liens or security interests over its oil and gas interests for payment of contracted obligations.

Conflicts of Interest

The Company's decision to go into any investment, whether by way of a joint venture or otherwise, will be at its discretion. The articles of association of the Company prohibit a Director from voting on any matter in which he has a material interest (with certain limited exceptions) or in respect of which he has a duty which conflicts with his duty to the Company. In addition the articles include provisions dealing with the liability of the Directors of the Company with respect to conflicts of interest. See under "Statutory and General Information—Summary of the Articles of Association".

Conflicts of interest will arise in the North American Joint Ventures and the International Joint Venture from, *inter alia*:—

- the allocation of the time of employees of the Hamilton Companies, other than the Company;
- the determination of the size of the budgets for, relative participations in and the operation of, the North American Joint Ventures;
- the allocation of oil and gas prospects between prior and subsequent North American Joint Ventures; and
- the allocation of equipment between North American Joint Ventures.

Complete discretion is effectively given up by the Company when investing in the North American Joint Ventures and in the International Joint Venture, and the Company will not have any recourse to Hamilton Oil or Hamilton International except for wilful misconduct, gross negligence or bad faith. See "Further Information on Other Petroleum Interests".

Because the Company is a "controlled foreign corporation" as defined in the US Internal Revenue Code, a conflict may arise regarding significant investment in US assets between the interests of the Company and its significant US shareholders, who may suffer additional taxation as a result of such investments.

Other conflicts of interest will arise in respect of the acquisition and operation of interests outside the North American Joint Ventures and the International Joint Venture in circumstances where Hamilton Companies other than the Company are actual or prospective holders of such interests.

Petroleum Consultants' Report

The Directors, Hamilton Oil Great Britain PLC
The Directors, Kleinwort Benson Limited

ERC Energy Resource Consultants Limited,
4 Wimpole Street,
London W1M 7AB

7th July 1981

Dear Sirs,

In accordance with your request we have reviewed the present and proposed beneficial interests of Hamilton Oil Great Britain PLC (the "Company") from both an exploration and production viewpoint as of 19th June 1981. Our professional qualifications and a summary of the geophysical, geological and engineering data considered in the evaluation of these interests are included in this report. Words and expressions referred to in the Definitions and Glossary of the Offer for Sale of shares in the Company dated 7th July 1981 have the same meaning in this letter.

1.0 Professional Qualifications

ERC is an independent petroleum engineering consultancy based in London, which specialises in petroleum reservoir evaluation. ERC is owned by its principal professional engineers, (Mr. D. R. Keith, B.Sc., C.Eng., P.Eng. (Alberta), Mr. D. C. Wilson, M.Sc., Dr. J. S. Archer, Ph.D., C.Eng.), and Robertson Research International Limited ("RRI"). ERC operates a joint venture arrangement with RRI and Scott Pickford & Associates Limited ("SPA"), who provide geological and geophysical services respectively. In this particular study the services of SPA were used to review the seismic interpretation of the area of each Block in which the Company is beneficially interested. ERC itself has undertaken independent assessments of reservoirs located offshore in the North Sea and elsewhere in the world including the Andrew, Argyll, Beatrice, Bruce, Buchan, Crawford, Ninian, N. W. Hutton, T-Block, Thistle, Amethyst, Hewett, Rough, Dutch Block P/6, Ekofisk Area, Helm, Valhall, Ula and Casablanca fields. ERC, RRI and SPA are all independent consulting organisations and, except for the provision of professional services on a fee basis, have no commercial arrangement with any other company involved in the said Offer for Sale.

2.0 Geology and Geophysics

Because of the different nature of the various Blocks being considered, we have reviewed the acreage in three parts. The first part considers the geology of the Argyll area in Blocks 30/24 and 30/25a, the second part considers the Bunter Gas area of Blocks 43/8a, 43/13a, 43/15a and 43/20a and the third part considers the exploration potential of the remaining Blocks.

2.1 The Argyll Area

2.1.1 THE PROVED ACCUMULATIONS

The Argyll field is located approximately 200 miles east-south-east of Aberdeen in the central part of the North Sea in water depths which average 250 feet. The main oil reservoir is of Permian age comprising the Zechstein Carbonate and the underlying Rotliegendes Sandstone.

The Argyll field is a horst trending north-east-south-west and is almost wholly contained in Block 30/24. The field is a tilted structural trap bounded by faults on the north-east, north-west and south-east sides. The reservoir cap is provided by Triassic siltstones and Cretaceous chalks. A second reservoir of Jurassic age has been found on the western side of the Argyll horst and presently contributes to the total production.

The general configuration of the main Argyll horst is reasonably well understood as there have been a total of 12 wells drilled into it. Maps of the Zechstein Carbonate and the Rotliegendes Sandstone, divided into a high and low porosity unit, have been checked to verify their accuracy and the interpretation found to be reasonable. Because of the relatively small throw of the faults within the main horst there is some difficulty in deciding on the exact structural picture but this has little effect on the overall oil in place. The overlying Jurassic is progressively eroded to the east and it is considered that the interpretation of this is also reasonable although subject to high uncertainty.

In 1980 a second structure, known as the 'A' structure, was discovered. It is situated some 4 miles west of the main Argyll field. The producing horizon of the 'A' structure is a sandstone of Jurassic age. In the discovery Well 30/24-15 some 78 net feet of high quality sands were encountered. Several interpretations of the areal extent of the 'A' structure are possible and production testing will be required to determine the correct interpretation.

2.1.2 PROSPECTIVE ARGYLL AREA STRUCTURES

Several other structures, designated as 'B', 'C', 'D', 'E', 'F' and 'G' have been identified by the Operator on Blocks 30/24 and 30/25a.

We have examined these structures and our opinion on each is as follows:—

The 'B' structure is situated between the 'A' structure and the Argyll field. It has been interpreted as having sound fault closure on the up thrown side of the easterly bounding fault of the 'A' structure. The exploration value of this prospect is strongly enhanced by the confirmation of Jurassic oil in the 'A' structure and the oil shows in the top part of the Jurassic sand in Well 30/24-4 which was drilled just to the north of the mapped structure. There is also the possibility of closure at Zechstein level. The area involved in each case could be as much as 1,000 acres.

The 'C' structure is located on the western edge of Block 30/24, north-west of the 'A' structure. Fault bounded closure can be mapped at Zechstein level and it might be expected that the Jurassic sands present in Well 30/24-15 would continue in this direction.

The 'D' structure is situated some 6 miles north of the 'A' structure. The main uncertainty is the weak closure to the south-east and drilling the prospect would represent the normal exploration risk.

The 'E' structure is located in the north-west corner of Block 30/25a. The main exploration interest is a stratigraphic play at Jurassic level and although the potential is high the risks are high also.

The 'F' structure abuts the northwest bounding fault of the Argyll field and although the structure most probably exists it is not certain whether the fault in this area is sealing.

The 'G' structure on Block 30/25a immediately to the south-east of the Argyll field depends on jump correlation across faults and a termination of the reservoir to the north by erosion of the Zechstein. If these conditions are met the prospect has reasonable exploration potential.

Thus, in summary prospect 'B' has a high chance of success while the other prospects would be subject to the normal risks associated with wildcat drilling.

2.2 The Bunter Gas Area

This comprises Blocks 43/8a, 43/13a, 43/15a and 43/20a. Two structures have been drilled, one in Block 43/8a and another straddling Blocks 43/15a and 43/20a. Both are relatively small but gas was found in the Bunter sandstone of Triassic age in all three exploration wells drilled. The seismic quality in this area is very good and it has been noted that bright spots can be observed in the seismic lines over the two structures already proved to contain gas. In Block 43/13a another structure exists which exhibits a bright spot of superior quality to those already tested. It is thus almost certain that the structure contains gas and quite likely that it is full to the spill-point. In addition, geological mapping has shown that the sands thicken towards this structure.

In the recent seismic data that was examined there is also evidence of Carboniferous dips beneath the Rotliegendes which would mean that there is exploration potential at lower levels in this area.

2.3 Exploration Potential of Remaining Blocks

2.3.1 BLOCKS 21/12 AND 21/13a

As a result of the farm-out to Shell and Esso the Company has acquired copies of seismic data shot in 1980. We have reviewed this new data and are of the opinion that the Blocks have good exploration potential at Jurassic level with several closed highs being present.

Shell has recently drilled a well on the north-west corner of Block 21/19 to the south-east of Block 21/13a and this well has tested oil.

In addition there are possibilities at the Eocene/Paleocene level in this area in view of the relative proximity of the Forties field.

2.3.2 BLOCKS 12/30a AND 18/5a

These Blocks are located some 40 miles to the east of the Beatrice field in the Moray Firth. Structural closure appears to exist at Zechstein/Rotliegendes level in both Blocks with the Block 12/30a structure being the more reliable. Although no production from this horizon has been demonstrated in the area, oil shows were reported in Well 12/30a-1. The areal extent of the features is uncertain.

Jurassic potential also exists on both Blocks but the areal extent and nature of the sands is uncertain and both would represent the normal exploration risk. It should be added however that the area of closure could be very large.

2.3.3 BLOCK 30/18

This Block is situated east of the BNOC operated Clyde field. The prime prospect is a relatively small structure at Jurassic level on the west side of the Block which, if found to be productive, and subject to the consent of interested parties, could be tied into future Clyde facilities. Thin oil-bearing Paleocene sands have been found on the east side of the Block (as have high pressure Jurassic gas shows) but these appear too small for current development.

2.3.4 BLOCKS 9/23a AND 9/24a

Well 9/23a-3 was drilled recently to test Paleocene sands in a structure on the eastern side of the Block. There were only minor shows of hydrocarbons and the well has been abandoned as a dry hole. At the present time no further exploration potential is evident in the Paleocene. There remains, however, Jurassic potential.

2.3.5 BLOCK 22/3a

From the evidence of the well already drilled on this Block the only remaining potential would be at levels in excess of 15,000 ft. so that any hydrocarbons found would most likely be of a gas condensate nature.

3.0 Estimation of Reserves

In all the sections that follow reserves and production profiles are given on a 100% basis unless it is explicitly stated that the Company's working interest has been applied.

The Company submitted to ERC the appropriate maps of structure, pay thickness, and porosity footage distribution for each of the known hydrocarbon accumulations. These maps were checked for accuracy and the interpretation assumptions behind each set of maps were risk-weighted.

Reserve estimates were then prepared using standard geological and engineering methods of the petroleum industry. The reserves are broken down into three categories of PROVEN, PROBABLE and POSSIBLE TECHNICALLY RECOVERABLE RESERVES according to the definitions below. It should be noted that some of the reserves may not be COMMERCIALLY recoverable in isolation but only through a common production system.

PROVEN RESERVES are the quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable from known oil and gas reservoirs.

PROBABLE RESERVES are those which are supported by favourable engineering and geological data but which are subject to an element of risk which prevents classification as PROVEN RESERVES.

POSSIBLE RESERVES are those which predicted future drilling, testing and production performance may prove to exist but for which a substantial degree of uncertainty exists.

In line with accepted practice in the oil industry, ERC assumes that there is a 90% chance of the reserves exceeding PROVEN reserves. Similarly that there is a 50% chance of the reserves exceeding PROVEN plus PROBABLE reserves and a 10% chance of the reserves exceeding PROVEN plus PROBABLE plus POSSIBLE reserves.

In addition to the above there is a category of reserves called PROSPECTIVE RESERVES which is applicable to exploration acreage. PROSPECTIVE RESERVES are those which may be demonstrated to exist by future drilling of seismically defined, but as yet untested, structures. They are thus of a speculative nature and can only be evaluated using the techniques of risk analysis in order to account for the probability of hydrocarbons not being present.

3.1 Argyll Field

Although the Permian reservoir can be split into three distinct units, namely the Zechstein Carbonate, the high porosity Rotliegendes and the low porosity Rotliegendes it is not possible to distinguish totally between the units in terms of reserves. This is because the complex system of internal faults allows communication between the units and thus the production from each well cannot be said wholly to originate from any particular horizon.

We have chosen to group the Zechstein and high porosity Rotliegendes as one unit producing under water drive and the low porosity Rotliegendes as a second unit producing under natural depletion.

Mapping of the Jurassic reservoir in the Argyll field is uncertain and we have therefore only presented recoveries based on the eventual performance of Well 30/24-6. We do not think it is likely that another well will be drilled in the Argyll field to produce from the Jurassic. The following table gives details of our estimates of the Argyll field reserves in units of millions of stock tank barrels (MMSTB).

Table 1 **THE ARGYLL FIELD RESERVE ESTIMATES**

Zone	Oil in place MMSTB	Technically Recoverable Reserves: Proven MMSTB	Proven + Probable MMSTB	Proven + Probable + Possible MMSTB
Zechstein + High Porosity Rotliegendes	133	41.6	46.9	49.2
Low Porosity Rotliegendes	149	2.7	3.3	3.9
Jurassic	*	0.4	0.5	0.6
Total	282	44.7	50.7	53.7
Cumulative Production (as of 1/6/1981)		37.3	37.3	37.3
Remaining Reserves (as of 1/6/1981)		7.4	13.4	16.4
Remaining Reserves attributable to the Company (as of 1/6/81)		2.1	3.9	4.7

*Volume in contact with Well 30/24-6 uncertain

3.2 'A' Structure west of Argyll in Block 30/24

As only one well has been drilled on this structure the areal configuration is unclear. In our opinion there are two distinct mapping techniques which can be applied. The first involves using the structural configuration in the Cretaceous and continuing the trend down to the Jurassic. The second involves using the Zechstein structure map and assuming that the Jurassic follows the same configuration at a higher level. We are of the opinion that the first method is more appropriate but it must be recognised that the second method could apply and in that case the reserve value may be much higher. As a result a high value must be given to POSSIBLE reserves. This is reflected in the estimates for the 'A' structure presented in Table 2 below.

Table 2 **THE 'A' STRUCTURE RESERVE ESTIMATES**

	Oil in place MMSTB	Technically Recoverable Reserves: Proven MMSTB	Proven + Probable MMSTB	Proven + Probable + Possible MMSTB
Jurassic	10-90	2.0	3.7	30.0
Reserves attributable to the Company		0.6	1.1	8.6

3.3 Bunter Gas Area in the 43 Quadrant

The two structures here are reasonably well defined. The major uncertainty in Block 43/8a occurs as a result of a lack of knowledge of the gas water contact in the upper of the two sand bodies in the Bunter, as only the lower sand (the Bunter main sand) has penetrated the contact and there is insufficient pressure data to quantify the position of the contact. In any event the overall recovery from a large area of thin upper sand is likely to be poor. The estimates of gas reserves shown below are given in units of billions of standard cubic feet (BCF) after allowing for losses in removal of the 15 per cent. of non-hydrocarbon gases.

Table 3 **THE BUNTER GAS RESERVE ESTIMATES**

	Gas-in place BCF	Technically Recoverable Reserves: Proven BCF	Proven + Probable BCF	Proven + Probable + Possible BCF
43/8a	112*-150	75	80	100
43/15a-20a	140	90	95	100
Total	252-290	165	175	200
Reserves attributable to the Company		77	82	93

*Lower limit implies common contact in upper and lower sands

3.4 Low Risk Exploration

It is considered that the 'B' structure (at Jurassic level) on Block 30/24 and the Bunter Gas structure on Block 43/13a represent low risk prospects with chance factors for finding hydrocarbons of about *50% and 95% respectively.*

We estimate that the PROSPECTIVE reserves of the 'B' structure range from 8 MMSTB to 20 MMSTB on the assumption that hydrocarbons are present. Accounting for the risk that hydrocarbons may not be present the expected value of PROSPECTIVE reserves is estimated to be 7 MMSTB (2 MMSTB attributable to the Company). A similar analysis of the Bunter Gas structure on 43/13a yielded a risk-weighted expected value of 225 BCF (108 BCF attributable to the Company).

3.5 Normal Risk Exploration

At this stage of North Sea development it is generally agreed that the chance of an individual wildcat well encountering COMMERCIAL quantities of hydrocarbons is between 1 in 10 and 1 in 15. When evaluating a large number of prospects it is thus necessary to assess not only the size and nature of possible hydrocarbon accumulations but also the individual likelihood of encountering hydrocarbons in each structure. We have reviewed the data made available by the Company and have used standard techniques of risk analysis to evaluate the PROSPECTIVE reserves.

We have reviewed a total of 16 structures in this stage of the analysis. On the assumption that hydrocarbons are present in each structure the expected values of PROSPECTIVE reserves range from 2 MMSTB on the smallest prospect to 154 MMSTB on the largest with an average reserve of 48 MMSTB per structure.

Following the application of the appropriate risk-weighting to each structure to account for the possible absence of hydrocarbons we are of the opinion that the quality of the exploration acreage is such that there is a 75% chance of encountering commercial oil reserves. The expected value of all PROSPECTIVE reserves is 54 MMSTB. After applying the working interest of the Company in each Block the expected value of all PROSPECTIVE reserves attributable to the Company is 25 MMSTB.

4.0 Engineering Review

An engineering assessment has been carried out on the Argyll field and the 'A' Structure on Block 30/24 together with the Bunter gas accumulations in the 43 Quadrant as they form the proven structures in the acreage under review.

4.1 The Argyll Area

4.1.1 THE ARGYLL FIELD

This Permian reservoir was brought on to production in June 1975 and by July 1976 was producing from the four subsea appraisal Wells 30/24-2, -3, -5, and -6 to the floating production facility the TW 58. From the start there was evidence of a strong water drive and in March 1977 this was confirmed when Well 30/24-6 commenced to produce at a significant water cut. By early 1978 the Zechstein production from Well -6 had watered out and Wells -2 and -3 were producing appreciable amounts of water. An infill well was drilled in the second quarter of 1978. This Well (30/24-9) was highly successful and after observing field performance over the next year an infill programme was drawn up and to date a further five wells have been drilled. Thus six extra Permian wells have been drilled since 1978 and three wells, Wells -9, -11 and -14, have produced significant extra reserves. This represents a 50% success rate in infill drilling which is somewhat low by usual standards and is a measure of the uncertainty in describing the pattern of water advance in this complex reservoir.

As well as Permian production there has been a certain amount of Jurassic production from Well 30/24-6. This well was recompleted as a Jurassic producer in May 1978 and has now produced some 300,000 barrels. Unlike the Permian reservoir the Jurassic sand has not been subject to natural water influx and although there is some evidence of limited connection with the Permian the reservoir pressure has declined significantly during the last three years. An attempt to develop the reservoir further by drilling Well 30/24-8 was unsuccessful as the permeability in this section of the Jurassic had decreased to a point where economic production could not be obtained. It is not considered likely that there is further Jurassic potential in the Argyll field itself.

At the end of 1980 cumulative production was 35.5 million barrels of oil of which some 35 million barrels had been produced from the Zechstein and high porosity Rotliegendes. Combined with the oil in place estimates given in the previous section the current recovery factor for the Zechstein and high porosity Rotliegendes at 28% is well below that expected for high permeability formations.

It is therefore our opinion that there is considerable further infill drilling potential, particularly within the Rotliegendes. We understand that the Operator plans to drill two wells in 1981 and we would anticipate that a further two wells will be drilled in 1982.

In Table 4 the PROVEN production profile is given on the assumption that infill drilling fails to find additional reserves. THE PROVEN + PROBABLE and PROVEN + PROBABLE + POSSIBLE profiles are based on a risk-weighted analysis of the success of the infill drilling programme.

With the exception of known downtime in 1981, the calendar year average field rate has been estimated assuming an overall efficiency of 60%. This efficiency is intended to allow for downtime due to weather, scheduled maintenance and repairs. The remaining technically recoverable reserves as of 1st June 1981 are then 7.4 MMSTB PROVEN, 13.4 MMSTB PROVEN + PROBABLE and 16.4 MMSTB PROVEN+PROBABLE+POSSIBLE (see section 3.0 for definitions of each category).

Table 4 **ESTIMATED FUTURE PRODUCTION PROFILES FOR THE ARGYLL FIELD**

Yearly Average Field Rates STB per Calendar Day

Year	Proven	Proven + Probable	Proven + Probable + Possible
1981*	10,250	10,950	11,230
1982	6,450	12,200	12,300
1983	3,450	9,210	10,090
1984	3,250	5,910	8,920
1985	1,800	3,350	4,470
1986	—	—	2,000
1987	—	—	1,050

*An average rate of 11,786 STB per Calendar Day has been achieved in the period ending 31/5/1981

4.1.2 'A' STRUCTURE

We understand that permission in principle has been obtained from the Department of Energy for a ninety day production test which is expected to commence in September 1981 and during which the performance of the well will be closely monitored. In this period sufficient oil should be produced to determine whether pressure support will be obtained naturally or whether water injection will be required. Based on an oil in place of 10 MMSTB and the assumption of some water drive (either natural or artificial) the estimated PROVEN production profile is given in Table 5. The estimated PROVEN + PROBABLE production profile is based on very regular advance of water which would arise if a large aquifer were contiguous with a reservoir of 14 MMSTB oil in place. This is thought to be quite likely. The estimated PROVEN + PROBABLE + POSSIBLE profile assumes a reservoir of 90 MMSTB oil in place with a good water drive.

We are in agreement with the Operator that the cost of development can be minimised if further drilling takes place from well clusters because there is a possibility that the 'A' structure might be large and there exists a strong probability of a commercial accumulation in the adjacent 'B' structure.

Table 5 **ESTIMATED FUTURE PRODUCTION PROFILES FOR THE 'A' STRUCTURE**

Yearly Average Field Rates STB per Calendar Day

Year	Proven	Proven + Probable	Proven + Probable + Possible
1981	1,250	2,000	2,200
1982	3,290	5,130	9,750
1983	810	1,770	13,200
1984	170	900	13,200
1985	—	340	12,760
1986	—	—	8,800
1987	—	—	7,550
1988	—	—	6,500
1989	—	—	4,800
1990	—	—	3,200

4.2 The Bunter Gas Area

As stated in Section 3.3 (Table 3) we are of the opinion that the current proven gas reserves in the two drilled structures on Block 43/8a and on the border of Blocks 43/15a—43/20a are some 165 BCF. This is inadequate for commercial development at this time.

However should the third structure in Block 43/13a prove to contain the amount of gas indicated by the seismic evidence the total reserve in these Blocks would approach 400 BCF of hydrocarbon gas which would almost certainly be commercial, providing two problems can be overcome.

The first of these involves the relatively high non-hydrocarbon content, which at 15% renders the gas below current UK specification. Treatment would thus be necessary to remove the carbon dioxide, nitrogen and helium. It is thought that the value of the non-hydrocarbon products would be approximately equal to the costs of their extraction, although this could be confirmed only by means of a detailed process design study.

The second problem involves negotiating a gas sales contract with the British Gas Corporation which would have to allow for faster production than an annual offtake of one twentieth of the PROVEN reserves. Sequential depletion of the three structures would also be necessary to minimise capital exposure.

Yours faithfully,
for and on behalf of
ERC ENERGY RESOURCE CONSULTANTS LIMITED
D. C. WILSON

Further Information on North Sea Interests
Schedule of Blocks

Licence	Block	Notes	Approximate Gross Acreage	Approximate Company Net Acreage	Participant	Beneficial Interest (%)
P.002	43/13a		21,226	10,188	**The Company**	48.0
	43/15a		21,745	10,438	Hamilton Petroleum	12.0
	43/20a		19,817	9,512	RTZ	25.0
					Blackfriars	12.5
					Trans-European	2.5
P.048	43/8a	(1)	11,836	5,326	**The Company**	45.0
					Hamilton Petroleum	11.25
					RTZ	23.4375
					Blackfriars	11.71875
					Trans-European	2.34375
					Whitehall Petroleum Limited	6.25
P.059	22/3a	(2)	25,377	1,067	**The Company**	4.18546
					Hamilton International	4.18546
					Hamilton Petroleum	4.10329
					RTZ	5.18092
					Blackfriars	2.59046
					Trans-European	0.51809
					BNOC *(the operator)*	21.05263
					ICI Petroleum Limited	21.05263
					Murphy Petroleum Limited	3.94737
					Ocean Petroleum Limited	7.5
					A. Johnson Oil (AB) Limited	5.0
					BP Petroleum Development Limited	20.72369
P.673	21/12	(3)	54,881	13,171	**The Company**	24.0
	21/13a	(3)	34,742	8,338	Hamilton Petroleum	12.0
					RTZ	12.5
					Blackfriars	6.25
					Trans-European	1.25
					Shell *(the operator)*	22.0
					Esso	22.0
	30/18		56,611	13,587	**The Company**	24.0
					Hamilton Petroleum	6.0
					RTZ	12.5
					Blackfriars	6.25
					Trans-European	1.25
					Tenneco Great Britain Limited *(operator— Tenneco United Kingdom Inc.)*	50.0
	30/24		56,858	16,375	**The Company**	28.8
					Hamilton Petroleum	7.2
					RTZ	25.0
					Blackfriars	12.5
					Trans-European	2.5
					Texaco	24.0
	30/25a		14,233	6,832	**The Company**	48.0
					Hamilton Petroleum	12.0
					RTZ	25.0
					Blackfriars	12.5
					Trans-European	2.5
P.094	12/30a		14,431	6,927	**The Company**	48.0
	18/5a		14,505	6,962	*Hamilton Petroleum*	12.0
					RTZ	25.0
					Blackfriars	12.5
					Trans-European	2.5
P.257	9/23a	(4)	16,580	1,990	**The Company**	12.0
	9/24a	(4)	12,652	1,518	Hamilton International	8.0
					Hamilton Petroleum	4.0
					RTZ	12.5
					Blackfriars	6.25
					Trans-European	1.25
					Shell	28.0
					Esso	28.0
Total			375,494	112,221		

Notes:—

(1) *The participants other than Whitehall Petroleum Limited bear 100% of the expenditure on this* Block, and such participants will have no entitlement to any petroleum discovered at depths in excess of 7,424 feet below the sea bed. This limitation is subject to the approval of the Secretary of State for Energy.

(2) Subject to the approval of the Secretary of State for Energy and the participants, the Company will acquire this interest from Hamilton International.

(3) These interests assume the completion of earning obligations by Shell and Esso.

(4) See also "International Interests—Hamilton International Joint Venture".

(5) The operator for each of the above Blocks is Hamilton Oil & Gas except as otherwise indicated.

Summary of Principal Documents relating to Licence Interests

The Consortium Agreement

The Consortium agreement dated 11th March 1965 (as subsequently amended) governs the general relationship between members of the Consortium (including BNOC, where appropriate) and, currently, operations in respect of Blocks 43/13a, 43/15a, 43/20a, 43/8a, 21/12, 21/13a, 30/18, 30/24, 30/25a, 12/30a and 18/5a. The Consortium agreement provides, *inter alia*, that:—

(i) the management and control of all operations is to be conducted by Hamilton Oil & Gas subject to various duties, responsibilities and obligations owed to the other parties and subject to Hamilton Oil & Gas not being liable to the other parties except in cases of gross negligence or wilful misconduct; (ii) any party not paying its share of agreed expenditure is liable to have its interest in the relevant Licence forfeited and allocated pro rata amongst the other parties (other than BNOC); (iii) if less than all the parties wish to participate in operations, parties owning at least 72½% of the interests in a Block may carry out operations (other than operations relating to producing wells) at sole risk and, upon being notified of the results of such operations, any party which did not participate must either assign its interest in the Block or pay to the participating parties ten times the share of the cost of such operations which it would have paid if all the parties had participated (these provisions do not apply to BNOC); (iv) any party (other than BNOC) desiring to sell (except for financing or disposals within a group) all or part of its interests is required to give notice to the other parties identifying the proposed purchaser and the terms of the proposed sale and allow the other parties (the non-BNOC parties having preference over BNOC) the prior right to purchase the interest on the same terms; and (v) the approval of parties owning at least 72½% of the interests in a Block is required before an assignee can be substituted for a party to the Consortium agreement.

Further documents relating to the Argyll field

Operations in respect of the Argyll field are additionally governed by and subject to the terms of agreements entered into with Texaco in connection with the farm-out referred to previously, participation and consultation agreements, a shipping agreement and an agency agreement with IPGS.

Texaco agreements

Under the terms of the farm-out, the Company agreed that it would endeavour to have Texaco admitted as a party to the Consortium agreement if Texaco so required. However, Texaco has never elected to become a party to the Consortium agreement and, in these circumstances, the Company is obliged, *inter alia*,—

(i) to consider matters jointly with Texaco in relation to Block 30/24 before such matters are considered by the parties to the Consortium agreement; (ii) to treat Texaco as if it were a party to the Consortium agreement with a 24% undivided interest in relation to all decisions concerning operations conducted on Block 30/24 and not, without Texaco's consent, to amend or modify the Consortium agreement in so far as it applies to Block 30/24; (iii) to afford Texaco the same rights in relation to the assignment of interests in Block 30/24 as if it were a party to the Consortium agreement; (iv) to

indemnify Texaco in respect of any loss which it may suffer arising out of any act or omission of any person having an interest in the other Blocks comprised in the Licence covering Block 30/24; and (v) to offer Texaco for purchase at market price 12.8% of the total current production of crude oil from time to time from the Argyll field.

Additionally, the Company and Texaco agreed that if either of them acquired an interest in the relinquished acreage on Block 30/25 or in any Block contiguous to or cornering upon Block 30/24 into which Block a reservoir on Block 30/24 extends (other than Block 30/18), the acquiring party must offer the other an interest therein so as to maintain the same ratio of interests in the adjoining Block as in Block 30/24.

Participation and consultation agreements

The participation agreement dated 10th March 1978 (as subsequently amended) between the Secretary of State for Energy, BNOC and members of the Consortium provides for majority state participation by BNOC in the Consortium's interests in the Argyll field and any other commercial petroleum fields discovered under Licences granted prior to the fifth Round. The participation agreement provides, *inter alia*, that:—

(i) BNOC is entitled at its option to acquire up to 51% (calculated after any royalty taken in kind by the Secretary of State) of the petroleum otherwise attributable to each member of the Consortium at market price. In the case of natural gas, BNOC's entitlement is reduced by the amount of any natural gas acquired by British Gas Corporation pursuant to relevent statutory provisions; (ii) BNOC is entitled to be represented and to vote at all committee meetings established in connection with the Argyll field and any other commercial petroleum fields and to receive information relating to operations connected therewith; and (iii) BNOC has certain pre-emption rights if all or any of the Consortium members wish to dispose of an interest in any Licence granted prior to the fifth Round.

In addition to the participation agreement, the Secretary of State for Energy and the Company also entered into a consultation agreement dated 10th March 1978 under which the Company agreed to hold regular and effective consultations on any matters of concern to either party arising out of the Company's Licence interests and related activities.

Shipping agreement

The shipping agreement dated 10th March 1978 between the members of the Consortium, BNOC and Texaco sets out the arrangements whereby crude oil from the Argyll field is lifted and transported to shore and covers such matters as nominations, allocations of cost, measurement and sampling, failure by a party to take its entitlement to crude oil and cessation of production.

IPOS agency agreement

Pursuant to an agreement between IPOS and the Company dated 7th July 1981, IPOS acts as exclusive agent for the Company for the sale (including to BNOC and Texaco) or exchange of all the Company's share of the crude oil produced from Blocks 30/24 and 30/25a. IPOS will be entitled to a commission based on the total sales proceeds of the oil sold or exchanged under this agreement, as well as reimbursement for certain expenses. The agreement may not be terminated by either party prior to 31st December 1981.

Other Agreements

Operations in respect of Block 30/18 are additionally governed by a separate joint operating agreement between the Consortium and the other interested parties. Operations in respect of Blocks 21/12 and 21/13a are additionally governed by an earning agreement with Shell and Esso which, subject to completion of the earning obligations, will be replaced by a joint operating agreement. Operations in respect of Blocks 9/23a and 9/24a are governed by a separate joint operating agreement between the respective interested parties.

Summary of Licence Terms and United Kingdom Government Controls

Licence Terms

Licences to search and bore for, and get, petroleum (which includes both oil and natural gas) within Great Britain, its territorial waters and the United Kingdom continental shelf are issued by the Secretary of State for Energy. The basic terms applicable to the Licences in which the Company is beneficially interested are set out in Part II of Schedule 2 to the Petroleum and Submarine Pipe-lines Act 1975 (the "1975 Act"). The basic terms currently applicable for new Licences are set out in The Petroleum (Production) Regulations 1976, as amended by The Petroleum (Production) (Amendment) Regulations 1978 and 1980.

Licences in which the Company is beneficially interested were issued for an initial period of six years. At the end of the six year period, if the licensee did not wish the Licence to expire, it had to surrender at least half the area covered by the Licence (as chosen by the licensee) and then, provided that the terms and conditions of the Licence had been complied with, it could retain up to half of the licensed area for a further period (the "extension period") of forty years. The initial periods in the Licences in which the Company is beneficially interested have now expired and the licensees, having surrendered half of these licensed areas, have exercised their option to retain the other half for the extension period. New Licences are subject to the same provisions save that the extension period is now thirty years.

The licensee may surrender the Licence in whole or in part at any time during the period of the Licence on giving the appropriate period of notice.

The licensee must pay in respect of each half-year in which the Licence is in force a royalty to the Government of 12½% of the value (being well-head value in respect of Licences in which the Company is now beneficially interested and landed value in respect of any new Licences) of petroleum extracted. The Government may elect, on giving six months written notice, to receive this royalty wholly or partly in kind in lieu of cash.

During the extension period, an annual rental is also payable. Such rental is based upon the area then covered by the Licence.

Each Licence contains a schedule establishing the work obligation to be carried out during the initial period. The Government may require further exploration activity during the extension period if such work could reasonably be expected to be carried out in the circumstances specified in the Licence or in the 1975 Act.

The development of a discovery is subject to the consent of the Government to development and production programmes, including maximum and minimum rates of production for various periods. The Government has power under the Licence to control the rates of production.

The licensee may only abandon a field with the consent of, and subject to any conditions imposed by, the Government which could include the removal of fixed structures (including pipelines).

Petroleum recovered must be delivered onshore in the United Kingdom, except with the prior consent of, and subject to any conditions imposed by, the Government.

The consent or approval of the Government is required to any assignment of any right granted by a Licence, and to any agreement under which a person becomes entitled to, or to any proceeds of sale of, petroleum which when the agreement is made has not been but may be extracted. No such approval is necessary for sales or exchanges of petroleum under which the price is payable, or the petroleum is to be exchanged, after extraction. Government consent is also required for, *inter alia*, abandoning a well, suspending the drilling of a development well, appointing an operator and permitting any right under the Licence to become exercisable by or for the benefit of another person (other than the making of surveys by duly licensed persons).

The Government has discretion to revoke a Licence in certain circumstances, including where there is a change of control of the licensee, where the licensee fails to observe any of the terms and conditions of the Licence or fails to make a payment due to the Government within two months of the due date, or has a receiver appointed or goes into liquidation, or ceases to have its central management and control in the United Kingdom. Where an approved development programme exists in relation to part of the licensed area, the Government may not revoke the Licence in relation to that part on the grounds of non-observance of another development programme in respect of a different part of the licence. When the Government has power to revoke a Licence in respect of the licensed area, it may in certain circumstances, at its discretion, exercise such power in relation to part only of the licensed area.

Disputes between the Government and the licensee are to be referred to arbitration unless the Licence expressly reserves determination of the matter in dispute to the Government.

Depletion Control

As mentioned above, the Government has power to control the rates of production from fields on the United Kingdom continental shelf. In December 1974, the then Government gave assurances that, for discoveries made prior to the end of 1975 under existing Licences (which would include the Argyll field), no cuts in production would be implemented until 1982 or four years from the start of production, whichever was the later, and that, for fields found after 1975 but pursuant to Licences then in issue, no cuts would be made until after 150% of capital investment had been recovered and that generally cuts would be limited to twenty per cent at the most. In July 1980 the present Government confirmed that it would honour such assurances, but also said that it will consider delaying the development of fields discovered after the end of 1975 which are not covered by such assurances and that no decisions have yet been taken on whether to have production cut-backs which, under such assurances, cannot be made before 1982.

Energy Act 1976

The Government has extensive powers under the Energy Act 1976 in relation to the control and conservation of fuel and energy resources. The Government may, *inter alia*, in limited circumstances regulate or prohibit the production, supply, acquisition or use of crude liquid petroleum, natural gas or petroleum products and control the price at which these substances may be supplied and the levels at which stocks must be maintained.

Gas Flaring

The recovery of petroleum from North Sea oil fields involves a need to treat any associated gas comprised in the petroleum. Gas flaring from offshore platforms on the United Kingdom continental shelf is only permitted with a flaring consent issued by the Government pursuant to the terms of the Licence. The present Government has said that it will continue to tighten its control on gas flaring.

State Access to Petroleum

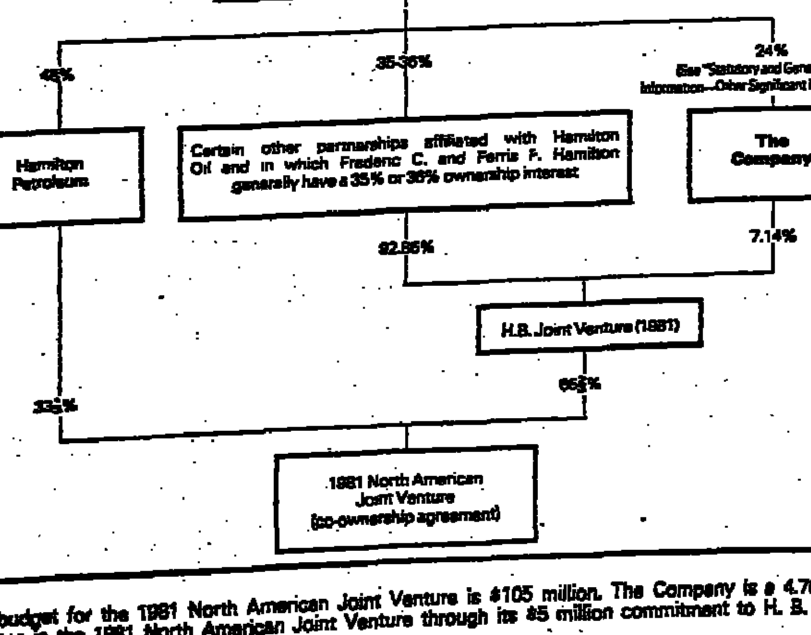
The majority state participation policy established in 1974 is designed to secure for BNOC access to up to 51% of petroleum produced from commercial fields on the United Kingdom continental shelf. The participation agreement referred to under "Summary of Principal Documents relating to Licence Interests" was entered into pursuant to that policy. In addition, the British Gas Corporation has certain monopoly purchase rights in relation to gas produced from fields on the United Kingdom continental shelf.

Further Information on Other Petroleum Interests

North American Joint Ventures

The Company participates in the 1981 North American Joint Venture through its wholly-owned subsidiary, which is a partner in a general partnership ("H.B. Joint Venture (1981)") formed for the purpose of investing in the 1981 North American Joint Venture managed by Hamilton Oil. Other investors in the 1981 North American Joint Venture are also general partners in this partnership. The Company's partnership interest in H. B. Joint Venture (1981) is held of record by Hamilton Oil as nominee and agent, as are the partnership interests of most of the other investors in H. B. Joint Venture (1981). Hamilton Oil, on behalf of H.B. Joint Venture (1981), has entered into the 1981 North American Joint Venture with Hamilton Petroleum which is in the form of a co-ownership agreement. It is anticipated that each North American Joint Venture subsequent to 1981 will be similarly organised.

The following chart sets forth in diagram form the participants and their approximate percentage interests in the 1981 North American Joint Venture:



The budget for the 1981 North American Joint Venture is $105 million. The Company is a 4.7619% investor in the 1981 North American Joint Venture through its $5 million commitment to H. B. Joint Venture (1981).

A summary of the 1981 North American Joint Venture agreements to which the Company is a party is provided below.

H. B. Joint Venture (1981) Agreement

H. B. Joint Venture (1981) is owned by the partners in the ratio of their respective committed capital contributions. All profits and losses and all cash distributions from H. B. Joint Venture (1981) will be shared in accordance with such ownership percentages. Frederic C. Hamilton and Oil and Gas HB Company (a partnership consisting of two corporations, one owned by Frederic C. Hamilton and the other by Ferris F. Hamilton) are the managers of H. B. Joint Venture (1981), and they have appointed Hamilton Oil to act as agent with full power, discretion and authority. The term of H. B. Joint Venture (1981) is 50 years unless terminated earlier by mutual consent or by operation of law. No partner may transfer or encumber its interest in H. B. Joint Venture (1981) without the consent of the other partners.

Co-ownership Agreement

The purpose of the co-ownership agreement is the exploration for and production of oil and gas and the engaging in other energy related activities in the continental United States, Alaska and Canada and their territorial waters. The co-ownership agreement provides that it is not to be construed as a partnership, but reflects the co-ownership of properties and business interests which, although held of record by Hamilton Oil or its designees, represents undivided interests in property held beneficially by Hamilton Petroleum and H. B. Joint Venture (1981). The co-owners have designated Hamilton Oil to carry on the activity to be conducted under the co-ownership agreement in the manner it deems necessary or advisable. The term of the co-ownership agreement is one year and will be renewed each year unless terminated by either of the parties thereto. Each party to the co-ownership agreement commits to fund its specified percentage of expenditure made on behalf of the co-owners, up to a specified dollar amount, which for the 1981 North American Joint Venture totals $105 million.

The rights of the co-owners under the co-ownership agreement may generally not be assigned to third parties without the written consent of the other co-owner.

Exploration Agreement

The Company has entered into an exploration agreement with Hamilton Oil pursuant to which the Company will participate in the 1981 North American Joint Venture, through which it will participate across-the-board (i) in every onshore and state or Canadian provincial water oil and gas prospect drilled by Hamilton Oil during the acquisition term, (ii) in every offshore oil and gas prospect acquired by Hamilton Oil during the acquisition term and (iii) in every energy related business acquired by Hamilton Oil during the acquisition term. As a general rule, the 1981 North American Joint Venture will not participate in prospects drilled or acquired, as the case may be, or in an increase in ownership of an energy related business, which in either case is owned by a North American Joint Venture prior to 1981. For compelling reasons, such as the exhaustion of a North American Joint Venture budget or high acquisition costs for a North American Joint Venture, Hamilton Oil may depart from any of the foregoing allocation guidelines. Non- North American prospects, if any, will be allocated to the North American Joint Venture which Hamilton Oil deems most appropriate under the circumstances. When a North American Joint Venture does participate in the properties of a prior North American Joint Venture, the terms of the participation will be on a basis believed by Hamilton Oil to be comparable to that which would prevail in such a transaction between independent parties.

The acquisition term (i.e. the period for acquiring properties and business interests) of the exploration agreement is the period ending 31st December 1981 (or 1982 or 1983 if the Company participates in the 1982 and/or 1983 North American Joint Ventures, as described in the next paragraph). The exploration agreement provides for the continued exploration and development of properties acquired and the operation of producing properties by Hamilton Oil for a period of 15 years after expiration of the acquisition term. The exploration agreement may be terminated by either party in certain events of bankruptcy, or after 1998 by either party on notice to the other.

The exploration agreement provides that the Company will commit $5,000,000 to the 1981, 1982 and 1983 North American Joint Ventures. The Company does however have the right to reduce its commitment to each of the 1982 and 1983 North American Joint Ventures to not less than $2,500,000 or to elect not to participate in either or both of such North American Joint Ventures. By a separate agreement the Company has the right to increase its commitment to either or both of the 1982 and 1983 North American Joint Ventures to 4.7619% of their respective budgets.

If Hamilton Oil should decide that it is advisable for any North American Joint Venture to expend funds to be derived from capital contributions in excess of the budget for the exploration and development of properties or the operation of previously acquired businesses, all parties to such North American Joint Venture will be offered the opportunity to increase their commitments proportionately. The Company will have the option to make available its proportionate share of additional funds, commit more than its share of additional funds if insufficient commitments are received from other participants, make no commitment or commit funds less than the funds required to maintain its proportionate share of the budget increase. If the Company commits more or less than its proportionate share of the additional funds, its ownership interest in such North American Joint Venture will be adjusted to the proportion that the amount committed by the Company bears to the total amount committed by all parties. If the purpose of the increased budget is to provide funds for the acquisition, exploration and development of properties or the acquisition, financing or operation of businesses not previously acquired from the original budget, the Company will have the same options and, unless all parties make a contribution proportionate to their respective interests, the Company's interest will be in a special accounting unit in which all of the members electing to participate will share on the basis of their respective contributions. In such case, however, the ownership interest of the Company in the remainder of such North American Joint Venture will not be affected.

Hamilton Oil will have full, exclusive and complete discretion and power in the management and control of the acquisition, exploration, development and operation of the interests, properties and assets acquired by the North American Joint Ventures. In such operations, Hamilton Oil will have conflicts of interest, and will not be liable to the Company except for gross negligence, wilful misconduct or bad faith.

On any termination of the exploration agreement Hamilton Oil will distribute the Company's share of the assets of the North American Joint Ventures to the Company in kind or in undivided shares. Hamilton Oil has a right of first refusal on the sale by the Company of any property or business interest acquired by the Company pursuant to the North American Joint Ventures. It is also permitted to commingle funds received from the Company with funds received from other North American Joint Venturers and to collect the proceeds of the sale of the Company's production and deduct therefrom expenses attributable to the Company. As a consequence Hamilton Oil generally will hold funds of varying amounts, without interest, beneficially owned by the Company and it is permitted to use such funds and funds of other parties to the North American Joint Ventures to acquire properties and exploration data for future North American Joint Ventures. Neither the Company nor Hamilton Oil may assign its rights in the exploration agreement without the consent of the other. The exploration agreement also provides for secrecy of confidential data, for title to properties to be held through Hamilton Oil and for the Company and Hamilton Oil to continue exploratory activities without participation therein by the other party following the termination of the acquisition term.

Hamilton Oil is permitted to assign, from the Company's ownership interest in the properties and other assets acquired by each of the North American Joint Ventures, up to an undivided 10% net profits interest in each of certain defined geographical areas for the benefit of certain key employees (other than Frederic C. or Ferris F. Hamilton) of Hamilton Oil and the other Hamilton Companies providing services to such North American Joint Venture. Payments with respect to such interests in each geographical area begin only after the North American Joint Venture recovers its investment with respect to such area. Depending on the balance of net profits or losses from the various geographical areas, payments attributable to such net profits interests could exceed 10% of the net profits of such North American Joint Venture.

Government Regulations of the Oil and Gas Industry in the United States

The production of oil and gas in the United States is extensively regulated. Federal and state laws and regulations govern a wide variety of matters, including pricing (in the case of natural gas) and allowable rates of production. There are no federal controls on United States oil production, pricing and marketing. The following summarises the present laws and regulations in the United States concerning maximum prices available for the sale of gas.

Sales of natural gas will generally be subject to the maximum lawful price ceilings set by the Natural Gas Policy Act of 1978 (the "NGPA"), which is very complex. Generally, however, it establishes maximum prices with respect to defined categories of natural gas. The maximum prices escalate monthly, with such escalations based upon the rate of inflation and, for one category of natural gas, a further stipulated rate of increase. During 1980 and until 1st April 1981 the maximum prices for most categories of natural gas have escalated by approximately $0.02 to $0.03 per million British Thermal Units ("BTU") per month. As at July 1981 the maximum price for the category of natural gas which is expected to constitute a major portion of the gas which may be produced from properties in which the Company may have an interest will be $2.84 per million BTU's. As at the same date the maximum price for the other category of natural gas which would most likely be produced from properties in which the Company may have an interest will be $2.48 per million BTU's. Under the NGPA price controls will be removed in stages until 1st January 1987, at which time all price controls will be eliminated. Price controls on certain categories of gas have already been removed. There is no assurance that the maximum price allowed by the NGPA can be obtained.

No prediction can be made as to what energy legislation may be adopted within the United States or the impact of any legislation upon the Company's operations or earnings.

International Joint Venture

The Company has a 10% interest in the International Joint Venture, which was established by Hamilton International under a joint venture agreement dated as of 15th September 1980 for the purpose of allowing other co-venturers to participate with it in exploration for oil and gas throughout the world except in the 48 contiguous states of the United States and Canada and their territorial waters. In addition to Hamilton International and the Company the co-venturers now comprise Ocean Holdings (Liberia) Inc., Fluor Oil & Gas Corporation, Oceanic Tankships Establishment and Covent Insurance Company Limited.

It is expressly provided that the scope of the International Joint Venture activities shall not include participating with Hamilton Oil or the other Hamilton Companies in the acquisition of developed or semi-developed properties, or other properties on which a discovery of oil or gas has previously been made, or properties in which the Hamilton Companies had interests at the date of the joint venture agreement.

Under the terms of the joint venture agreement the parties agreed to contribute up to a total of $25,000,000 for acquiring properties and exploring for oil and gas over a three year period ending 15th September 1983. The proportions in which the parties are obliged to contribute to such expenditure and their proportionate ownership interests in any properties acquired are as follows:—

	Share of costs (%)	Share of ownership interests (%)
The Company	**10.0**	**6.885**
Hamilton International	15.0	41.5
Ocean Holdings (Liberia) Inc.	10.0	6.885
Fluor Oil & Gas Corporation	29.0	19.956
Oceanic Tankships Establishment	19.75	13.59
Covent Insurance Company Limited	16.25	11.184

provided that in relation to any area which Hamilton International determines at its sole discretion to be commercially productive:—

(i) the costs incurred and production received are to be shared in the respective proportions of 7.65%, 35%, 7.65%, 22.17%, 15.10% and 12.43% until such time as the costs incurred in connection with the acquisition, exploration, development and operation of such area have been recouped from the proceeds of sale of production after payment of royalties; and

(ii) thereafter, costs incurred and production received are to be shared in the ownership proportions set out above in the column "Share of ownership interests".

The International Joint Venture is managed and operated by Hamilton International which is obliged to hold all property interests acquired in trust for the parties. Hamilton International is given complete discretion and power in the management and control of the acquisition and exploration of the property interests and is authorised to make all decisions relating to the same. When a prospect becomes commercial, or failing this upon the expiry of the exploration term, the participants' interests in such prospect will be assigned to them under a joint operating agreement. Hamilton International is expressly excluded from all liability to the other parties except in cases of gross negligence, wilful misconduct or bad faith.

Each of the parties other than Hamilton International is, before disposing of any interest in properties acquired under the International Joint Venture, required to offer such interest to Hamilton International on the same terms as it was intending to dispose of such interest.

It is expressly provided that Hamilton Petroleum and Hamilton Oil (on behalf of a North American Joint Venture) shall have the right to participate with the International Joint Venture in acquisitions on the following basis:—

(i) acquisitions other than in the North Sea and Alaska—International Joint Venture 80%, Hamilton Petroleum 20%;
(ii) acquisitions in the North Sea—International Joint Venture 66⅔%, Hamilton Petroleum 33⅓%; and
(iii) acquisitions in Alaska—International Joint Venture 25%, Hamilton Oil 75%.

Accountants' Report

The Directors, Hamilton Oil Great Britain PLC
The Directors, Kleinwort, Benson Limited

Deloitte Haskins + Sells,
128 Queen Victoria Street,
London EC4P 4JX
7th July 1981

Gentlemen,

1. We have examined the audited financial statements of Hamilton Oil Great Britain PLC (the "Company") for the periods relevant to this report.
2. Throughout the relevant periods we have acted as auditors of the Company.
3. No financial statements for submission to members of the Company have been made up in respect of any period subsequent to 31st December 1980.
4. The information set out in paragraphs 8 to 11 below is based on the audited financial statements of the Company, after making such adjustments as we consider appropriate for the inclusion of our report in the Offer for Sale dated 7th July 1981 issued by the Company. The audited financial statements have been prepared on the basis of the accounting policies set out below, and in accordance throughout with standards approved by the accounting bodies in the United Kingdom as applicable to any part of the accounting periods dealt with herein.
5. In our opinion the information set out in paragraphs 8 to 11 below gives for the purpose of this Offer for Sale, a true and fair view of the earnings and source and application of funds of the Company for each of the five years ended 31st December 1976 to 1980 and of its financial position at 31st December 1979 and 1980.
6. We have examined abridged current cost information for the Company for the year ended 31st December 1980 which has been prepared under the current cost convention in accordance with Statement of Standard Accounting Practice 16 ("SSAP 16").
7. In our opinion the abridged current cost information set out in paragraphs 12 and 13 below has been properly prepared in accordance with the policies and methods described therein to give the information required by SSAP 16.
8. The significant accounting policies adopted in arriving at the financial information set out in this report are as follows:—

Basis of accounting

The Company prepares its annual financial statements on the historical cost basis of accounting.

Turnover

This represents gross amounts receivable by the Company in respect of oil sold in the year.

North Sea oil and gas properties

The Company utilises the full cost method of accounting for all of its oil and gas interests. Under this method of accounting, all costs incidental to the acquisition, exploration and development of properties including an allocated portion of exploration and administrative overhead, costs of abandoned leaseholds, delay rentals, dry hole costs and leasehold equipment, are capitalised in the property accounts. Proceeds from disposals of oil and gas properties and licences are applied as a reduction of capitalised costs (no gains or losses are recognised on such disposals). The capitalised costs are accounted for by the Company in a single cost pool representing the North Sea in its entirety.

The oil and gas properties are being depleted and depreciated on the unit-of-production method relating production in each period to the aggregate reserves estimated for all such developed oil and gas properties. Such reserve estimates are based primarily on the reports of independent petroleum engineers, modified as necessary to consider changes indicated by production history and geological data. The Company provides for estimated North Sea oilfield abandonment costs based on the unit-of-production method over estimated remaining reserves.

Deferred taxation

Deferred taxation is provided at current rates of tax except to the extent it can be foreseen with reasonable probability that a part or all of the liability will not become payable. The provision is made on the liability method.

Foreign exchange

Foreign currency assets and liabilities are translated into pounds sterling at the year-end rate of exchange. Preference share capital is translated at historical rates prevailing at the dates of issue. Foreign exchange transactions during the year are translated at average monthly rates prevailing during the year. All translation gains or losses are credited or charged to earnings.

Royalties payable

Royalties payable are based on turnover reduced for certain operating costs and expenses and are charged to cost of sales.

9. Statements of Earnings

The statements of earnings of the Company for the five years ended 31st December 1980 are set out below:

	Notes	1976	1977	1978	1979	1980
		Years ended 31st December				
		£000	£000	£000	£000	£000
Turnover		16,893	14,284	10,122	18,300	25,868
Operating profit	a	9,264	5,155	3,960	10,296	14,942
Interest income		420	735	696	1,713	3,924
Profit before taxation		9,684	5,890	4,656	12,009	18,866
Taxation	b	4,969	2,323	2,281	6,089	9,649
Profit after taxation		4,715	3,567	2,375	5,920	9,217
Extraordinary items	c	(633)	(1,737)	—	—	—
Profit after extraordinary items		4,082	1,830	2,375	5,920	9,217
Appropriations:						
Dividends	d	—	1,600	1,600	—	5,178
Transfer to capital redemption reserve fund		1	3	—	—	—
Profit retained		4,081	227	775	5,920	4,039
Earnings per share	e	8.4p	7.1p	4.7p	11.8p	18.4p

NOTES

a. Operating Profit

This is stated after charging, *inter alia*, the following:

	1976	1977	1978	1979	1980
	Years ended 31st December				
	£000	£000	£000	£000	£000
Depletion and depreciation	1,353	3,042	993	2,004	3,138
Provision for abandonment costs	142	870	277	402	373
Hire of plant and machinery	2,463	2,868	2,758	3,032	3,022
Interest paid	18	—	—	—	—
Directors' fees	—	—	1	—	—
Auditors' fees	3	4	4	4	6

b. Taxation

Based on profit before taxation in each year U.K. Corporation tax at 52 per cent.

	1976	1977	1978	1979	1980
	Years ended 31st December				
	£000	£000	£000	£000	£000
Current	3,539	3,715	2,338	5,725	9,225
Deferred	1,430	(1,392)	(57)	364	424
Total	4,969	2,323	2,281	6,089	9,649

No petroleum revenue tax liability or supplementary petroleum duty has arisen on oil sales for these years and in the opinion of the directors, based on expected production levels, no material liability for petroleum revenue tax or special petroleum duty is expected to arise in the foreseeable future.

c. Extraordinary Items

The extraordinary items in 1976 and 1977 relate to losses incurred on the redemption of preference shares.

d. Dividends

The rates of dividend per share paid by the Company and the number of shares on which the dividends were paid are as follows:

	1976	1977	1978	1979	1980
Number of ordinary shares	—	10,000,000	10,000,000	—	10,010,000
Dividends per share	—	16p	16p	—	51.73p

e. Earnings per share

Earnings per share have been calculated throughout on 50,050,000 new ordinary shares proposed to replace all the paid up shares in issue on 31st December 1980 and on the profit of each year after taxation but before extraordinary items.

10. Balance Sheets

The balance sheets of the Company at 31st December 1979 and 1980, after making appropriate adjustments to take account of the redemption of preference shares which occurred on 12th June 1981, are set out below:

	Notes	1979	1980
		31st December	
		£000	£000
EMPLOYMENT OF CAPITAL—			
North Sea oil and gas properties	a	4,096	4,549
Current assets:			
Trade debtors		2,072	3,581
Cash and short-term deposits		18,879	33,013
Total current assets		20,951	36,594
Current liabilities:			
Creditors:			
Operator	b	1,509	1,644
Trade		—	868
Royalties payable		663	1,229
Corporation tax		5,786	12,529
Interim dividend on ordinary shares		—	5,178
Total current liabilities		7,958	21,448
Net current assets		12,993	15,146
Deferred taxation	e	3,040	1,245
Provision for abandonment costs		1,692	2,065
		4,732	3,310
Attributable to shareholders of the Company		12,357	16,385
REPRESENTING—			
Share capital	c	100	100
Share premium account		30	60
Reserves	d	12,227	16,266
		12,357	16,426
Reduction in share capital and reserves on redemption of preference shares		—	41
Adjusted share capital and reserves		12,357	16,385

a. North Sea Oil and Gas Properties

	1978 £000	*Additions* £000	1979 £000	*Additions* £000	1980 £000
At cost:					
Licence fees	607	124	731	140	871
Exploration costs	808	5	813	48	861
Drilling and development costs	8,488	2,554	11,042	3,403	14,445
	9,903	2,683	12,586	3,591	16,177
Provision for depletion and depreciation	(6,486)	(2,004)	(8,490)	(3,138)	(11,628)
Net book amount	3,417	679	4,096	453	4,549

b. Transactions with Operator

Hamilton International Oil Company conducts the North Sea operations of the Hamilton Brothers companies and utilises the services of Hamilton Brothers Oil and Gas Limited, a U.K. affiliated company which acts as operator for the Company as well as other U.K. registered companies. In this capacity Hamilton Brothers Oil and Gas Limited performs certain administrative and other management services. The services performed include property management, accounting and disbursements of funds relating to exploration, development and production expenditures incurred in connection with the production licences.

c. Share Capital

The share capital at 31st December 1980 was as follows:

	Authorised No.	*Authorised* £000	*Issued and fully paid* No.	*Issued and fully paid* £000
'A' ordinary shares of 1p each	18,000,000	180	9,011,000	90
'B' ordinary shares of 1p each	2,000,000	20	999,000	10
Preference shares at US$1 each*	9,028	4	81	—
Unclassified shares at US$1 each*	10,972	4	—	—
		208		100

*(converted at US$2.50=£1)

The Company issued during 1980 10,000 'A' ordinary shares of 1p each at 298p per share.

At an Extraordinary General Meeting held on 26th June 1981, resolutions were passed to convert both the 'A' and 'B' classes of ordinary shares into one class of ordinary shares. No consideration was paid.

The Preference shares were redeemed on 12th June 1981 at a premium of $999 per share.

d. Reserves

The changes in the reserves during the years were as follows:

	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000
	At 31st December				
Revenue reserves:					
At beginning of period	1,220	5,301	5,528	6,303	12,223
Retained profits	4,081	227	775	5,920	4,039
At end of period	5,301	5,528	6,303	12,223	16,262
Preference share redemption:					
At beginning of period	—	1	4	4	4
Transfer from statement of earnings	1	3	—	—	—
At end of period	1	4	4	4	4
Total reserves	5,302	5,532	6,307	12,227	16,266

e. Deferred Taxation

The potential deferred taxation, all of which is provided in the financial statements, is as follows:

	1979 £000	1980 £000
Depletion and depreciation	461	605
Interest income	336	815
Surplus on disposal subject to rollover relief	1,862	1,828
Other	381	216
	3,040	3,464
Less: Advance Corporation Tax	—	2,219
	3,040	1,245

11. Statements of Source and Application of Funds

	1976	1977	1978	1979	1980
	Years ended 31st December				
	£000	£000	£000	£000	£000
SOURCE OF FUNDS					
Profit before taxation	9,684	5,890	4,656	12,009	18,866
Adjustments not involving the movement of funds:					
Depletion and depreciation	1,353	3,042	993	2,004	3,138
Provision for abandonment costs	142	870	277	402	373
Total generated from operations	11,179	9,802	5,926	14,415	22,377
Other sources:					
Issue of share capital	—	—	—	—	30
Total sources	11,179	9,802	5,926	14,415	22,407
APPLICATION OF FUNDS					
Additions to North Sea oil and gas properties	888	1,462	1,161	2,683	3,591
Redemption of preference shares	1,686	4,771	—	—	—
Dividend paid	—	—	1,600	1,600	—
Corporation tax paid	—	1,072	4,324	2,274	4,701
Total applications	2,574	7,305	7,085	6,557	8,292
Increase (decrease) in working capital	8,605	2,497	(1,159)	7,858	14,115

INCREASE (DECREASE) IN WORKING CAPITAL					
Increase (decrease) in debtors	251	(456)	620	(480)	1,509
(Increase) decrease in creditors	(1,429)	1,896	—	(1,509)	(1,003)
(Increase) decrease in royalties payable	(674)	625	(210)	(173)	(566)
Decrease in accrued interest	107	—	—	—	—
Decrease in note payable	511	—	—	—	—
	(1,234)	2,066	410	(2,172)	(60)
Movement in net liquid funds: Increase (decrease) in cash and short-term deposits	9,839	431	(1,569)	10,030	14,175
	8,605	2,497	(1,159)	7,858	14,115

12. Current Cost Information

The financial information shown herein has been prepared in accordance with the Accounting Standards Committee draft guidance notes on the application of SSAP 16 to the oil and gas industries. The information shows certain of the effects of specific price changes (current costs) as they impact the Company's operations.
Management believes that the significant rate of general inflation and changes in specific prices for goods and services purchased by the Company erode the informational value of its historical cost basis financial statements because pounds sterling having substantially different values are aggregated as equal units, principally in North Sea oil and gas properties. However, management cautions users of this information that current cost adjusted financial information is not necessarily indicative of the costs and expenses that will be incurred in finding, developing and producing similar quantities of crude oil; any financial information based on past results cannot encompass economic, political and technological changes that the Company must consider in its current investment decisions.

SUPPLEMENTARY CURRENT COST FINANCIAL STATEMENTS	Notes	Year ended 31st December 1980
		£000
STATEMENT OF EARNINGS		
Historical cost profit before interest and taxation		14,942
Current cost operating adjustment: Depletion and depreciation	(a)	(3,970)
Current cost operating profit		11,672
Interest income		3,324
Current cost profit before taxation		14,996
Taxation: Historical cost accounts		9,649
Current cost profit attributable to shareholders		5,347
Interim dividend on ordinary shares		5,178
Profit retained		169
BALANCE SHEET		
North Sea oil and gas properties	(a)	11,362
Working capital	(c)	(160)
Net operating assets		11,202
Cash and short-term deposits	(c)	33,054
		44,256
Share capital and share premium account		160
Current cost reserve	(b)	10,684
Other reserves		12,395
Interim dividend on ordinary shares		5,178
Total shareholders' funds		28,417
Provision for abandonment costs		2,065
Taxation		13,774
		44,256

Notes to supplementary current cost financial statements

a. North Sea oil and gas properties at estimated replacement costs:
Under current cost accounting fixed assets are restated at their current replacement cost. North Sea oil and gas properties have been revalued by reference to the actual replacement cost, where available, and to appropriate indices published by the Central Statistical Office. The depletion and depreciation methods and assumptions are the same as those used for historical cost presentation. Additional depletion and depreciation, based on revalued amounts is the only current cost operating adjustment required for the year.

	1980
	£000
Licence fees	871
Exploration costs	2,045
Drilling and development costs	37,519
Total	40,435
Provision for depletion and depreciation	29,073
Net book amount at 31st December 1980	11,362

b. Current cost reserve:

Balance at 1st January 1980	3,930
Movement in year: Surplus resulting from the revaluation of North Sea oil and gas properties	6,754
Balance at 31st December 1980	10,684*

*At 31st December 1980 £6,814,000 was unrealised.

c. Gearing adjustment:
No gearing adjustment is necessary because there is an excess of cash and short-term deposits over net borrowings. Net borrowings include taxation and abandonment costs and since monetary working capital is a net liability it has also been included therein. The treatment of the excess of cash and short-term deposits over net borrowings is not covered by the current cost framework and no adjustment is required by SSAP 16.

13. Supplementary Information on Reserves

Reserve information presented below is that utilised by the Company in preparing the 1980 financial statements and was the most recent at that time. The Company emphasises that reserve estimates are inherently imprecise and estimates of undeveloped reserves are more imprecise than those from producing properties.
Proven developed oil reserves are the estimated quantities of crude oil which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions with existing equipment. The quantities shown below relate to the Company's interests and are net of estimated Government royalty.

	Barrels of oil
	(000)
Proven developed reserves:	
At 1st January 1980	3,743
Revisions of previous estimates	467
Extensions, discoveries and other additions	397*
Production	(1,674)
At 31st December 1980	2,933

*Estimated expenditures of £1,500,000 are required to bring proven developed reserves on production.

Yours faithfully
DELOITTE HASKINS + SELLS
Chartered Accountants

Further Financial Information

Profit Projection

The Directors' guide to 1981 profit after taxation, together with the factors and assumptions on which it is based, is set out under "Profits and Dividends—Profit Projection". The following are copies of reports to the Directors of the Company relating to the guide to profit after taxation:—

The Directors
Hamilton Oil Great Britain PLC

128 Queen Victoria Street,
London EC4P 4JX
7th July 1981

Gentlemen,
We have reviewed the accounting policies and calculations for the guide to profit after taxation of Hamilton Oil Great Britain PLC for the year ending 31st December 1981 set out in the Offer for Sale document dated 7th July 1981.
As stated by the Directors, the guide is subject to the cumulative effect, which may be large, of the wide variations which are possible in the factors and assumptions on which it is based and which are set out under the headings "Profits and Dividends—Profit Projection" and "Risk Factors" in the Offer for Sale document.
In our opinion, within the limitations inherent in the factors referred to by the Directors, the guide (for which the Directors are solely responsible) as far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the factors and assumptions made by the Directors and is presented on a basis consistent with the accounting policies the Company normally adopts.

Yours faithfully
DELOITTE HASKINS + SELLS
Chartered Accountants

The Directors
Hamilton Oil Great Britain PLC

20 Fenchurch Street,
London EC3P 3DB
7th July 1981

Gentlemen,
We have discussed with you and with Deloitte Haskins + Sells the guide to profit after taxation of Hamilton Oil Great Britain PLC for the year ending 31st December 1981, together with the factors and assumptions on which it is based, set out in the Offer for Sale dated 7th July 1981.
As stated by the Directors, the guide is subject to the cumulative effect, which may be large, of the wide variations which are possible in the factors and assumptions on which it is based and which are set out under the headings "Profits and Dividends—Profit Projection" and "Risk Factors" in the Offer for Sale document.
We consider that, within the limitations inherent in the factors referred to by the Directors, the guide (for which the Directors are solely responsible) has been given after due and careful enquiry.

Yours faithfully
for KLEINWORT, BENSON LIMITED
ROCKLEY
Director

Borrowings

At 15th June 1981 the Company had no loan capital outstanding or created but unissued and no outstanding mortgages, charges or borrowings or indebtedness in the nature of borrowings including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, or, save in the ordinary course of business or as disclosed herein, guarantees or other material contingent liabilities.

Working Capital

The Directors consider that the Company has sufficient working capital for its present requirements.

Taxation on United Kingdom Operations

The Company is resident in the United Kingdom for tax purposes and hence subject to corporation tax on worldwide profits and capital gains, currently at effective rates of 52% and 30% respectively.
Production of oil and gas from the United Kingdom or the United Kingdom continental shelf is subject in principle to the new supplementary petroleum duty ("SPD") levied at 20% and to petroleum revenue tax ("PRT") levied at 70%. Both taxes are charged on a field by field basis and apply both to existing and any future fields. SPD, which is chargeable on gross oil and gas income, is a deductible expense for both PRT and corporation tax purposes. PRT is chargeable on gross oil and gas income after various deductions for operating costs and capital expenditure and is a deductible expense for corporation tax purposes. It is currently anticipated that, so far as the Argyll field is concerned, there should be no significant liability to SPD since production from the Argyll field should fall within the tax free oil allowance for each six month chargeable period. The Company has not to date suffered any PRT, but whether it does in future periods will depend on the level of production and the continued availability of deductions such as the oil allowance.
It should be noted that for corporation tax purposes profits from production of oil and gas in the United Kingdom or the United Kingdom continental shelf are "ring fenced"—that is to say losses from other activities (in the case of the Company this will be overseas exploration) may not be set off against the profits of such United Kingdom activities.
The Government has invited the oil industry to bring forward proposals for the long term structure of the North Sea fiscal regime with a view to introducing permanent legislation in the 1982 Finance Bill. No forecast can be made of the outcome.
Foreign tax on overseas operations may in general be credited against the United Kingdom liability on the same income so that no double taxation should arise.

Taxation on US Operations

The Company's wholly owned US subsidiary will be subject to US federal tax on its profits and capital gains at rates of up to 46% and 28% respectively. Further state and local taxes may be payable on attributable profits at rates which vary from state to state and fall within the 2.35%—12% range and are deductible in determining federal taxable income. In addition, an excise tax known as The Crude Oil Windfall Profit Tax will be payable in respect of oil produced in the US, with certain limited exceptions. This tax is chargeable at rates varying between 30% and 70% (30% on newly discovered oil) on the amount by which the sales price of the oil exceeds one of three specified base prices, with the limitation that the tax chargeable cannot exceed 90% of the relevant net pre-tax income. This tax is deductible in determining both state and federal taxable income.
It should be noted that for US federal and state taxes there are special rules for the computation of taxable profits. In particular these encompass the various costs of equipment, drilling and development and lease acquisitions. Further deductions are available for the physical depletion of the reserves of a particular oil or gas property. Any net tax losses arising may be carried forward for future offset for a maximum period of seven years or carried back for a maximum period of three years.
Dividends paid by the US subsidiary to the Company will be subject to a 5% withholding tax. This withholding tax, in addition to underlying income taxes, will be available for relief as a credit against any United Kingdom corporation tax chargeable thereon.

Statutory and General Information

Share Capital History

(a) The Company was incorporated on 30th June 1964 under the Companies Act 1948 (Registered No: 810819) as a company limited by shares with a share capital of £100 divided into 100 shares of £1 each. At 1st January 1979 the Company had an authorised share capital of £200,000 and $20,000 divided into 9,028 Redeemable Convertible Partially-Cumulative Participating Preference Shares of $1 each ("Preference Shares"), 81 of which were in issue and fully paid, 18,000,000 'A' Ordinary Shares of 1p each ("'A' Shares") of which 9,001,000 were in issue and fully paid, 2,000,000 'B' Ordinary Shares of 1p each ("'B' Shares") of which 999,000 were in issue and fully paid, and 10,972 Unclassified Shares of $1 each resulting from the redemption of a like number of Preference Shares, none of which Unclassified Shares had been issued.
(b) On 3rd December 1980 10,000 new 'A' Shares were issued for cash at 298p per share.
(c) On 12th June 1981 the Company redeemed the outstanding 81 Preference Shares out of profits available for distribution.
(d) By special resolution of the Company passed on 26th June 1981:—
(i) the 11,053 Unclassified Shares of $1 each (arising from the redemption of 11,053 Preference Shares) and the 8,947 Preference Shares, none of which were in issue, were converted into 1,022,495 ordinary shares of 1p each and the 'A' and 'B' Shares were converted into ordinary shares of 1p each;
(ii) the share capital of the Company was increased to £6,000,000 by the creation of 578,977,505 ordinary shares of 1p each;
(iii) subject to the admission of all the issued share capital of the Company to the Official List by the Council of The Stock Exchange, £4,904,900 was capitalised and the Directors were authorised to apply the said sum in paying up in full 490,490,000 unissued ordinary shares of 1p each to be allotted, credited as fully paid, to and among the holders of the former 'A' Shares and 'B' Shares in due proportion;
(iv) subject as aforesaid, and subject to the allotment of the new ordinary shares as aforesaid, the ordinary shares of 1p each, unissued or in issue, were consolidated into 60,000,000 ordinary shares of 10p each;
(v) the Company resolved to be re-registered as a public company pursuant to the Companies Act 1980; and
(vi) the memorandum of association of the Company was amended and new articles of association were adopted.
(e) By an ordinary resolution of the Company passed on the same date, the Directors were authorised generally, pursuant to section 14 of the Companies Act 1980, to allot up to £995,000 in nominal amount of ordinary shares on such terms as the Directors think proper, such authority to continue until 25th June 1986 (unless renewed by a further resolution). In view of the high percentage of US shareholders a special resolution was passed on the same date disapplying section 17 of that Act (pre-emption provisions).
(f) Accordingly, upon the grant of listing as aforesaid, the share capital of the Company will be £6,000,000 divided into 60,000,000 ordinary shares of 10p each of which 50,050,000 will be in issue and fully paid.
(g) On 30th June 1981 the Company was re-registered as a public company.

Summary of the Articles of Association

The articles of association, which were adopted by special resolution passed on 26th June 1981, contain, *inter alia*, provisions to the following effect:—
(a) Share Capital
Subject to the Companies Act 1980 the authorised but unissued share capital is at the disposal of the Directors, who may allot or otherwise dispose of unissued shares at their discretion.
(b) Votes
Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with the articles, on a show of hands every member personally present shall have one vote only and, on a poll, every member present in person or by proxy shall have one vote for each share held by him.
(c) Disclosure of Interests
If compliance is not made within 42 days with the provisions of section 33 of the Companies Act 1967 (obligation to notify the Company of the acquisition of, or any change in, a holding of 5% or more of the issued shares in the Company) or with any notice issued by the Company pursuant to section 27 of the Companies Act 1976 (notice requiring disclosure of the beneficial interest in shares of the Company) the Directors may for such period as the default continues disenfranchise the shares in which such person is, or is considered by the Directors to be, interested;
(d) Directors
(i) No shareholding qualification for Directors is required:
(ii) The Directors are subject to retirement on reaching the age of seventy years unless their appointment after attaining that age is made or approved by the Company in general meeting.
(iii) Until otherwise determined by the Company in general meeting, the Directors are entitled to annual remuneration as Directors not exceeding £50,000 in aggregate, to be divided between them as they may agree or, failing agreement, equally. Any Director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, participation in profits or otherwise as the Directors may determine.
(iv) At every annual general meeting, one third of the Directors who are subject to retirement by rotation shall retire from office. A retiring Director shall be eligible for re-appointment at such annual general meeting or thereafter.
(v) The Directors may from time to time appoint any one or more of their body to be the holder of an executive office on such terms as they think fit. Any Director so appointed shall not be subject to retirement by rotation and shall receive such remuneration as the Directors may determine.
(vi) The Directors may confer upon any Director appointed to an executive office any of the powers exercisable by them as Directors, other than the power to make calls or forfeit shares, upon such terms and conditions and with such restrictions as they think fit.
(vii) The Directors may establish and maintain any superannuation fund or retirement benefits scheme for the benefit of any present or former employee or Director of the Company, its subsidiaries and associated companies or predecessors in business, provided that, in the case of a Director, he holds or has held an executive position with the Company or any of its subsidiaries and associated companies, and for the spouses, widows, families and dependants of any such persons.
(viii) No Director or intending Director shall be disqualified by his office from contracting with the Company, nor shall any contract or arrangement entered into on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised thereby, but the nature of his interest must, in all such cases, be declared by the Director at a meeting of the Directors.
(ix) The Directors may exercise the voting powers conferred by the shares of any company held or owned by the Company or exercisable by them as Directors of any such company or conferred by any agreement to which such company may be a party in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Directors or other officers or managers of such other company or pursuant to such agreement or voting or providing for the payment of remuneration to the Directors or other officers or managers of such other company or pursuant to such agreement).
(x) (a) For the purposes of this paragraph:—
"Relevant Body" means any body whether corporate or unincorporate which has been or may be promoted by the Company or in which the Company may be interested as a member or otherwise, or which is a holding company of the Company or a subsidiary of any such holding company or which is directly or indirectly under common control with the Company ("control" for this purpose having the meaning given in section 534 of the Income and Corporation Taxes Act 1970);
"Opportunity" means an opportunity to participate in, acquire or promote, or to take steps with a view to the participation in, or the acquisition or promotion of:—
— any petroleum or other mineral interest (wherever situated); or
— any rights to explore for, develop, produce, sell or otherwise turn to account in any part of the world any petroleum or other minerals;
being any opportunity of which a Director shall have knowledge while a Director of the Company, either by virtue of his position as a Director of the Company, or in circumstances in which it is, or but for the provisions of this paragraph would be, reasonable because of his fiduciary relationship with the Company to expect him to disclose such knowledge to the Company or not to disclose such knowledge to a person other than the Company, and shall include any information relating to any such opportunity;
"Information" means information (other than information relating to any Opportunity) which a Director is, or but for the provisions of this paragraph would be, precluded because of his fiduciary relationship with the Company from using for the benefit of, or communicating to, any person other than the Company.
(b) Any Director, including an alternate Director, may continue to be or become a Director or other officer or member of or otherwise interested in any Relevant Body, and no such Director shall be accountable for any remuneration or other benefits received by him as a Director or other officer or member of, or from his interest in, any Relevant Body.
(c) A Director of the Company who is also a Director of or other officer or member of or otherwise interested in any Relevant Body shall not be under any duty to the Company with respect of any Opportunity or Information which he shall cause or allow to be offered to or taken up by a Relevant Body or used by or communicated to a Relevant Body, provided that either:—
— the Director concerned shall have believed in good faith that such Opportunity or Information belonged to that Relevant Body; or
(1) the Board of Directors of the Company, having made all enquires which it considers reasonable to make or to cause to be made at the time of the passing of the resolution hereinafter referred to, shall have previously resolved that the Company should not take up such Opportunity or (as the case may be) that the Information should be used by or communicated to a Relevant Body, or, in the case only of Information, shall resolve to approve the use or communication thereof within two months of the same taking place;
(2) the Director concerned (whether or not present at the meeting at which such a resolution is considered) shall have given such advice in relation to the Opportunity or Information under consideration as he is reasonably able to do having regard to his knowledge of such Opportunity or Information, experience and skill; and
(3) the Director concerned, and any other Director having a material interest in the outcome of the resolution, shall not have voted on the relevant resolution nor been counted in the quorum for the meeting at which the resolution was considered.
(xi) Save as provided in the articles of association a Director shall not vote on any resolution of the Board in respect of any contract, arrangement, transaction or proposal in which he has a material interest (other than by virtue of his interest in the shares or debentures or other securities of the Company) or in respect whereof he has any duty which conflicts with his duty to the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. However, a Director shall be entitled to vote and be counted in the quorum in respect of any resolution concerning the following matters, namely:
— the giving to him of any security or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
— the giving to a third party of any security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
— any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
— any proposal concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with any person connected with him within the meaning of section 64 of the Companies Act 1980) is not the holder of or beneficially interested in 1% or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
— any proposal concerning the adoption, modification or operation of a superannuation fund, retirement benefits scheme or employees share scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes.
Subject to the Companies Acts 1948 to 1980, the Company may by ordinary resolution suspend or relax any of these provisions to any extent or ratify any transaction not duly authorised by reason of a contravention of these provisions.
(e) Borrowing Powers
The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, but shall restrict the borrowings of the Company so as to secure that, save with the previous sanction of an ordinary resolution, no money shall be borrowed if the aggregate principal amount outstanding of all moneys borrowed by the Company and its subsidiaries (excluding intra-group borrowings) then exceeds or would as a result of such borrowing exceed £150,000,000.

Subsidiary Company

The only subsidiary of the Company, which is wholly-owned, is Hamilton Oil Great Britain (Colorado—U.S.A.) Corporation. This company was incorporated in Colorado on 4th May 1981 with a share capital of $1,000 which was issued to the Company for cash at par on 4th May 1981.

Directors' Interests

(a) Upon completion of the Offer for Sale, the interests of the Directors in the share capital of the Company (all beneficial), as they will appear in the register maintained under the provisions of the Companies Act 1967, will be as follows:—

Name	Number of shares held
Frederic C. Hamilton	7,250,000
John W. R. Sutcliffe	5,000
Robert A. Henderson	—
Robert M. Jenney	1,403,190*
Sir Peter Matthews	2,000

*Robert M. Jenney together with members of his family owns or controls substantial shareholdings in Jenney Oil Company, Incorporated which will upon completion of the Offer for Sale hold 2,430,000 shares of the Company.
(b) During the year ended 31st December 1980 no emoluments were paid to Directors. The aggregate emoluments payable to the Directors holding office in the year ending 31st December 1981 are estimated to be £27,500.
(c) Save as disclosed herein:—
(i) no Director of the Company has, or has had within two years before the date of publication of this Offer for Sale, any interest in any assets which have been, or which are proposed to be, acquired or disposed of by or leased to the Company or its subsidiary;

(ii) no contract or arrangement subsists or subsisted within two years before the date aforesaid in which a Director of the Company is or was materially interested and which is or was significant in relation to the business of the Company and its subsidiary taken as a whole.
The only existing or proposed service agreements between any of the Directors and the Company or its subsidiary are capable of termination by the employer on 12 months notice or less without compensation (other than statutory compensation).

Other Significant Interests

Following completion of the Offer for Sale Gates Rubber Company will hold approximately 14% of the issued share capital of the Company and it is anticipated that Ferris F. Hamilton will hold just under 10% of the issued share capital of the Company. Under the terms of the Share Sale agreement Ferris F. Hamilton's holding could be reduced below this level if certain other shareholders do not sell the shares which it is anticipated that they will sell.

Share Sale Agreement

By an agreement dated 7th July 1981, Kleinwort Benson has agreed, subject to the Council of The Stock Exchange admitting to the Official List all the issued share capital of the Company, to purchase 10,017,000 ordinary shares of 10p each of the Company at a price of 137.2p per share and to offer 10,010,000 of such shares to the public.
The agreement provides, *inter alia*, that the Company will pay a fee to Kleinwort Benson, all the costs and expenses of and incidental to the application to the Council of The Stock Exchange for the admission of all the issued share capital of the Company to the Official List, its own legal fees and all accountancy and other expenses in connection with the preparation, publication, advertising and circulation of this Offer for Sale, the expenses of and incidental to the reorganisation of its share capital and the adoption of new articles of association and all printing charges. The total expenses payable by the Company are estimated to amount to £675,000 (exclusive of value added tax). Kleinwort Benson will pay an underwriting commission of 1½% (plus value added tax where appropriate) its own legal fees and a fee to the brokers.
Frederic C. Hamilton and other principal shareholders have given warranties and indemnities in respect of certain taxation and other liabilities of the Company.
Certain shareholders have undertaken not to dispose of any further shares before the publication of the Company's audited accounts for the year ending 31st December 1981 without the consent of Kleinwort Benson.

Material Contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into within the period of two years immediately preceding the publication of this Offer for Sale and are, or may be, material:—
(a) dated 18th February 1981 between the Company (1) Hamilton Brothers Petroleum (U.K.) Limited (2) Hamilton Brothers U.K. Petroleum Corporation (3) Hamilton Oil & Gas (4) Hamilton International (5) Hamilton International (U.K.) Limited (6) RTZ (7) Blackfriars (8) Trans-European (9) and Shell and Esso (10) being an earning agreement and joint operating agreement relating to the farm-in in respect of Blocks 9/23a and 9/24a referred to above;
(b) dated 18th February 1981 between the Company (1) Hamilton Brothers Petroleum (U.K.) Limited (2) Hamilton Brothers U.K. Petroleum Corporation (3) Hamilton Oil & Gas (4) RTZ (5) Blackfriars (6) Trans-European (7) and Shell and Esso (8) being an earning agreement and joint operating agreement relating to the farm-out in respect of Blocks 21/12 and 21/13a referred to above;
(c) dated as of 1st January 1981 between Hamilton Oil Great Britain (Colorado-U.S.A.) Corporation (the "US Subsidiary") and Hamilton Oil, being the exploration agreement referred to above;
(d) dated 8th May 1981 between the US Subsidiary and Hamilton Oil, being the agreement whereby the US Subsidiary, at its election, can increase its commitment to 4.7619% for each of the 1982 and 1983 North American Joint Ventures, if such percentage represents a sum which exceeds $5 million;
(e) dated 7th July 1981 being the agreement whereby the Company guarantees the payment of a percentage of the debts of each partnership through which it participates in a North American Joint Venture equal to the percentage interest held by its US subsidiary therein;
(f) dated 29th May 1981 being the agreement whereby the US Subsidiary directs Hamilton Oil to enter into H.B. Joint Venture (1981);
(g) dated as of 1st January 1981 between Hamilton Oil and Hamilton Brothers Partners (1981), which constitutes the joint venture agreement for H.B. Joint Venture (1981) referred to above;
(h) dated as of 1st January 1981 between H. B. Joint Venture (1981) and Hamilton Oil to being the agreement whereby Hamilton Oil is appointed to act as agent for and manage H.B. Joint Venture (1981) referred to above;
(i) dated as of 1st January 1981 between Hamilton Oil and Hamilton Petroleum being the 1981 co-ownership agreement referred to above;
(j) dated as of 15th September 1980 between Hamilton International and the co-venturers, being the International Joint Venture agreement referred to above;
(k) dated as of 13th March 1981 between Hamilton Oil and the Company, being the agreement whereby the Company acquired its interest in the International Joint Venture referred to above;
(l) dated as of 22nd May 1981 between Hamilton Oil and the Company being the agreement whereby the Company acquired the 100,000 shares of common stock of Hamilton International referred to above;
(m) dated 7th July 1981 between Hamilton Oil (1) 219088 Oil and Gas Limited (2) Hamilton Brothers Corporation (3) Hamilton Brothers Canadian Gas Company Limited (4) and the Company (5) being the option agreement relating to Canadian properties referred to above;
(n) dated 7th July 1981 between the Company (1) and Hamilton International and Hamilton Oil (2) being the agreement relating to the provision of services referred to above;
(o) dated 7th July 1981 between the Company and IPOS being the agency agreement relating to the sale of oil from Blocks 30/24 and 30/25a referred to above;
(p) dated 7th July 1981 between (i) Hamilton International (1) and the Company (2) and (ii) Hamilton Petroleum and Hamilton Brothers UK Exploration Company (1) and the Company (2) being two deeds of indemnity against the liability referred to under (a) in "General" below; and
(q) dated 7th July 1981 between the vendor shareholders (1) the non-vendor shareholders (2) Frederic C. Hamilton (3) the principal shareholders (4) the Directors (5) the Company (6) and Kleinwort Benson (7) being the Share Sale agreement referred to above.

General

(a) The Company is the holder with others of certain Licences, in addition to those referred to under "Further Information on North Sea Interests", in which it has no beneficial interest, having entered into illustrative agreements with other Hamilton Companies. Under such agreements other Hamilton Companies agree to provide all funds and equipment required of the Company for operation under the Licences in return for which they are entitled to the Company's share of the petroleum won and saved from the areas covered by such Licences. Appropriate indemnities have been given to the Company to cover any liability falling on it in respect of such Licences and, subject to the approval of the Secretary of State for Energy and other interested parties, it is intended to transfer such Licences to the other Hamilton Companies (or their nominees) as soon as practicable.
(b) Save as disclosed herein:
(i) within the two years immediately preceding the date of the publication of this Offer for Sale, no share or loan capital of the Company or its subsidiary has been issued or agreed to be issued or is now proposed to be issued fully or partly paid, either for cash or otherwise;
(ii) within that period no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or its subsidiary; and
(iii) no such capital is under option or agreed conditionally or unconditionally to be put under option.
(c) No loan capital of the Company or its subsidiary has been created since its incorporation or is proposed to be created.
(d) No material issue of shares of the Company (except to shareholders pro rata to their existing shareholdings) will be made within one year of the date of this Offer for Sale without the prior sanction of the Company in general meeting.
(e) Following this Offer for Sale 9,950,000 ordinary shares of the Company will remain unissued, but no issue of such shares which would effectively alter the control of the Company will be made without the prior sanction of the Company in general meeting.
(f) Neither the Company nor its subsidiary is engaged in litigation or arbitration which, in the opinion of the Directors, is of material importance, and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or its subsidiary.
(g) Deloitte Haskins + Sells and ERC have given and have not withdrawn their written consents to the issue of this Offer for Sale with the inclusion therein of their respective reports and letters and the references thereto and to themselves in the form and context in which each is included.
(h) The documents attached to the copies of this Offer for Sale delivered to the registrar of companies for registration were the written consents referred to above, copies of the form of application, copies of the material contracts referred to above and the statement of Deloitte Haskins + Sells setting out the adjustments made in arriving at the figures contained in their report (as set out herein) and giving the reasons therefor.
(i) No part of the consideration for the ordinary shares to which this Offer for Sale relates will be received by the Company.
(j) No amount is required to be provided out of the proceeds of the Offer for Sale or otherwise for any of the matters referred to in paragraph 4 of the fourth schedule to the Companies Act 1948.
(k) The Directors have been advised that following the completion of the Offer for Sale, the Company will be a close company within the meaning of the Income and Corporation Taxes Act 1970.

Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Herbert Smith & Co., Watling House, 35/37 Cannon Street, London EC4, during usual business hours on any weekday (Saturdays excepted) for a period of fourteen days following the date of publication of this Offer for Sale:
(a) the memorandum and articles of association of the Company;
(b) the audited accounts of the Company for the two financial years ended 31st December 1979 and 1980;
(c) the Accountants' Report and the statement of adjustments;
(d) the report of ERC referred to above;
(e) the written consents referred to above;
(f) the material contracts referred to above; and
(g) the profit projection letters included under "Further Financial Information."

Dated 7th July 1981

PROCEDURE FOR APPLICATION

Kleinwort, Benson Limited, New Issue Department (Ref. Hamilton), 10 Rood Lane, London EC3M 8BB will receive applications which must be for a minimum of 100 shares and in multiples of 100 shares up to 1,000 shares, thereafter in multiples of 500 shares up to 10,000 shares, thereafter in multiples of 1,000 shares up to 50,000 shares, and thereafter in multiples of 5,000 shares.

Application must be made on the Application Form provided and forwarded to Kleinwort, Benson Limited, New Issue Department (Ref. Hamilton), 10 Rood Lane, London EC3M 8BB together with a sterling cheque or bankers draft for the full amount payable on application so as to be received not later than 10a.m. on Wednesday 15th July 1981. Photostat copies of Application Forms will not be accepted.

Each application must be accompanied by a separate sterling cheque, or bankers draft, which must be drawn on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man, of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and bankers drafts to be cleared through the facilities provided for the members of those Clearing Houses and must bear the appropriate sorting code number in the top right hand corner. Cheques and bankers drafts must be made payable to "Kleinwort, Benson Limited" and be crossed "Not Negotiable". The right is reserved to present all cheques and bankers drafts for payment on receipt and to reject any application in whole or in part, including in particular multiple or suspected multiple applications, and to retain Letters of Acceptance and surplus application moneys pending clearance of the cheques of successful applicants. Due completion and delivery of an Application Form accompanied by a cheque will constitute a warranty that such cheque will be honoured on first presentation; attention is drawn to the statement in the Application Form to that effect.

The ordinary shares have not been registered under the United States Securities Act of 1933; attention is drawn to the declaration in the Application Form in respect of United States sales restrictions. No application will be accepted from any person who is unable to make this declaration or who gives an address in the United States, its territories or possessions or in any area subject to its jurisdiction.

Acceptance of applications will be conditional on the Council of The Stock Exchange admitting the whole of the issued share capital of the Company to the Official List not later than 20th July 1981. Moneys collected in respect of applications will be returned (without interest) if such condition is not satisfied by that date and in the meantime will be retained by Kleinwort, Benson Limited in a separate bank account. If any applications are not accepted or are accepted for fewer shares than the number applied for, the application moneys or, as the case may be, the balance thereof will be returned (without interest) through the post at the risk of the applicants.

Arrangements have been made for the shares offered to be registered by the Company, free of stamp duty, in the names of the successful applicants or the persons in whose favour Letters of Acceptance have been renounced, provided that, in cases of renunciation, Letters of Acceptance are lodged at the offices of Kleinwort, Benson Limited, New Issue Department (Ref. Hamilton), 20 Fenchurch Street, London EC3P 3DB for registration not later than 3 p.m. on 16th October 1981 with Forms X, Y and Z duly completed in accordance with the instructions contained therein. Attention is drawn to the declaration to be signed in Form Y of the Letter of Acceptance, to be completed prior to lodging a renounceable Letter of Acceptance for registration of renunciation, which is in the following form:

"I/We hereby declare that, if this registration is effected, none of the ordinary shares specified above will be held by a United States person* or directly or indirectly on behalf of a United States person and I/we understand that the ordinary shares have not been registered under the United States Securities Act of 1933.

*For purposes of the above declaration, "United States person" means any national or citizen of, or person resident or normally resident in, the United States of America, its territories and possessions or areas subject to its jurisdiction, including the estate of any such person and any partnership, corporation or other entity formed or organised therein or under the laws thereof or any political subdivision thereof."

Share certificates will be posted on 13th November 1981 to the first-named registered holders or, in any case where the box marked Ø on Form Z of the Letter of Acceptance has been duly completed and the Letter of Acceptance duly lodged not later than 6th November 1981 in accordance with the instructions contained therein, to the agent specified in the box.

Copies of this Offer for Sale with Application Forms may be obtained from:—

Kleinwort, Benson Limited
20 Fenchurch Street
London EC3P 3DB

Kleinwort, Benson Limited
Tricorn House
Hagley Hall
Five Ways
Birmingham B16 8TP

Cazenove & Co.
12 Tokenhouse Yard
London EC2R 7AN

Kleinwort, Benson Limited
78/80 George Street
Edinburgh EH2 3BU

Dolby's dominance in tape noise reduction is under attack. Jason Crisp reports:

BSR tilts at the tape noise giant

THE BATTLE for the minds and ears of the hi-fi buyer shows no sign of diminishing. BSR, the UK manufacturer of record turntables, has announced recently that it aspires to usurp Dolby in the 1980s as the dominant producer of tape noise-reduction systems.

Dolby, a company with just 170 employees but revenues of U.S.$16m last year towers over the noise reduction market. More than 125 licensees use the Dolby system in over 1,000 consumer products. Around 75 per cent of classical tapes and half of popular music tapes are recorded using Dolby.

In 1979 BSR, which once dominated the world market for record changers but has recently made considerable losses, bought a Boston based hi-fi company called Dbx, which makes top of the range consumer and semi-professional audio products. Dbx has a noise reduction system which, it claims, betters Dolby's by a considerable factor.

Industry observers believe that Dolby must lose some of its lead in noise reduction—and not only because of the threat from rival systems. New to the hi-fi world is the audio disc which can replay digitally recorded music to a very high quality.

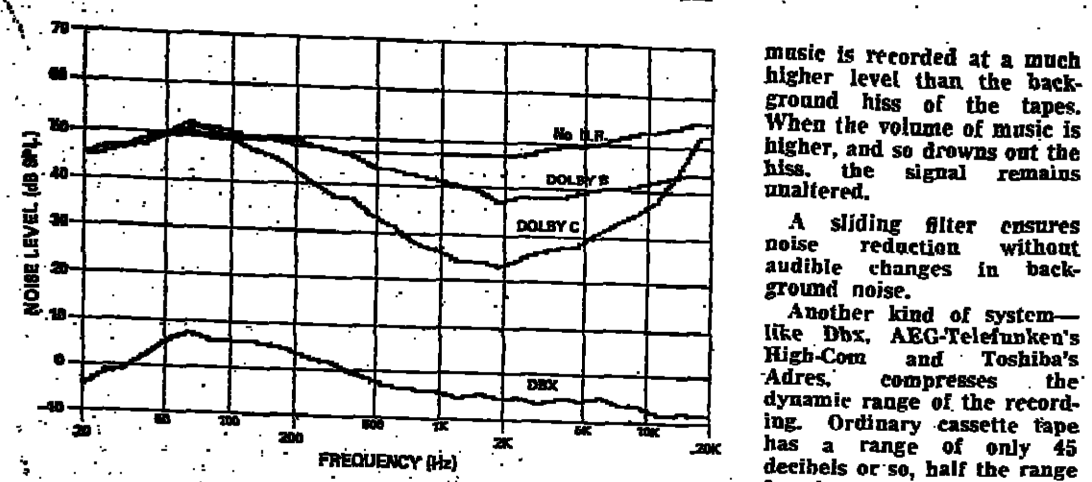
The leading contender in this market is Philips, the Dutch electrical giant, in conjunction with Sony of Japan.

Just like the better known video disc, to be launched in the UK later this year, the audio disc system uses a laser to read minute markings on the disc surface.

Fidelity of reproduction is high compared with conventional analogue recordings and high volume can be achieved without distortion.

The major rival to the Philips and Sony product is a large audio disc from the Japanese Victor Company, a subsidiary of Matsushita.

Philips seems set, however, to win acceptance for its system after the failure of attempts to agree a world standard.



How Dbx rates itself against Dolby: its own figures suggest superior performance over the whole frequency range.

Disc threat

But all this aside, there remains a considerable market for noise reduction systems which suppress background hiss in conventional analogue tape recordings and enhance the sound to make it more lifelike.

Noise reduction systems, inevitably, will face ultimate competion from digital audio discs. The Philips/Sony disc, for instance, has not only the considerable advantage of high quality sound but the discs are fairly immune from damage and do not wear out.

The trick is to treat the background noise and the recorded signal differently; and then boost the signal at the expense of the background.

Such systems can be divided into two types; those which encode the signal as it is recorded and then decode when it is replayed and those which merely affect the signal when it is played.

Most—including Dolby and Dbx—depend on the encoding and decoding of the sound as a way of discriminating between music and the background noise of a tape.

Dolby, which was first introduced in 1968, boosts the recording level of the soft passages of the higher notes and reverses the process on replay. It means that the music is recorded at a much higher level than the background hiss of the tapes. When the volume of music is higher, and so drowns out the hiss, the signal remains unaltered.

A sliding filter ensures noise reduction without audible changes in background noise.

Another kind of system—like Dbx, AEG-Telefunken's High-Com and Toshiba's Adres, compresses the dynamic range of the recording. Ordinary cassette tape has a range of only 45 decibels or so, half the range found at most concerts.

The limitation of range is because during quiet passages, tapes hiss drowns the recorded signal and in the loud passages the sound is distorted.

Dbx compresses the recording of music by 2:1 so boosting quiet notes above the hiss and reducing loud noises below the distortion level.

The effect of listening to Dbx can be quite dramatic when the music varies from a full orchestra to a single instrument such as a flute, because the silent parts are devoid of all audible hiss, unlike in Dolby where it is still detectable.

The noise reduction of Dbx is more than 30 decibels compared with about 10 for the conventional Dolby system on most cassette recorders.

The argument over the different merits of the two systems is strictly for the hi-fi buffs. However, Dolby in California was unperturbed by a recent comparison between the two systems in London by BSR where, unsurprisingly, Dbx appeared to sound considerably better than Dolby.

Dolby pointed out that the system used by Dbx had been first discovered in the 1940s. The company also criticised the inherent distortion involved in compressing and decompressing the sound—when a loud note is boosted so is the background noise. The effect is known as "pumping."

Apart from the potential threat of digital audio discs the real battle for noise reduction systems is a marketing one rather than a technical one. Dolby's dominance of the market makes it extremely difficult to topple.

Even "medium-fi" cassette recorders need a Dolby filter to be competitive now. And most cassettes are recorded using Dolby.

Any system which is to overtake Dolby, will need to be accepted not only by manufacturers of equipment but also by the recording companies. Unless they provide a wide enough range of titles recorded on the new system hi-fi purchaasers will not bother with the new system.

This tremendous interia militates against a new entrant. If few cassette players use the new system, it will not prove attractive to the record companies to go the special effort of a different pressing. And, if there are few record titles available on the system who will want the system on their cassette recorder?

So far, Dbx has been licensed by a small handful of companies including such well known names as Technics, Teac, Yamaha, Marantz and Trio.

There are 130 titles recorded using Dbx—which, unlike Dolby, can be used for records as well as tape. BSR expects the number of recordings will rise to 200 by the end of the year.

Ray Dolby: new challenge

Dolby has just launched a new improved noise reduction system called Dolby C this year in succession to Dolby B which is the widespread consumer version.

Dolby C achieves greater noise reduction and has been included in cassette recorders from companies including Aiwa, JVC, Mitsubishi and Sony.

A leading manufacturer of consumer electronics goods reflecting on the Dbx challenge commented: "It is a Herculean task. Dolby marches on because of its strength in marketing."

POINTERS

ADDISONS have designed and built a robust support platform for the PSM 500 A1 production sawing machine, which can be adapted to cut ferrous or non-ferrous metals. The company says that the machine lends itself to the addition of second operation units. Another development at the Addison Tool Company enables high quality tubular elbows to be cold formed in a continuous stick with no scrap between bends other than the width of a saw cut to separate the elbows from the stick. More on 0772 34511.

Switches

HB ELECTRONICS has made available its Alcoswitch TR series tiny rocker switches with mounting brackets which provide added support when actuated. Prevention of contaminants is facilitated through a fully enclosed rocker mechanism. Closer spacing is achieved, says the company, through exceptionally small miniatures.

Chromatography

PYE UNICAM has dded several new accessories to its catalogue, extending the overall capability of the PU4000 series liquid chromatography system. These include the PU4042 post column reaction kit to facilitate and optimise the technique of post column derivitisation, and a modified carousel for the LC-XP autosampler to allow automatic injection of 125 samples for gel permeation chromoto-Further, several new columns graphy are to be added to the range. More on 0223-358866.

Transducers

Two new pressure transducers with BASEEFA approval for gas group IIC (hydrogen) temperature T4, Zone 1 Areas are announced by Bell and Howell. The BHL-4017 is built especially for such demanding places as the wellheads of oil drilling platforms. The BHL-4007, supersedes the type 4-370. Each instrument is manufactured from 17-4PH, 15-7 Mo and 300 series stainless steels to provide an all-welded exterior construction.

Also from Bell and Howell are the BHL-4010 series electronic pressure transmitters designed to accurately measure changes in gaseous pressure media above or below an atmospheric pressure datum and the BHL-4080 series with strain gauge pressure sensor and electronics mounted in a strong stainless steel enclosure. More on 0256 20244.

Microcircuits

INTERNATIONAL Microcircuits announces a new family of high-speed, high-density CMOS gate array products—the G90000 series—using double-level-metal interconnect technology. The oxide-silicon gate CMOS circuits include products ranging from 1,160 to 5,100 gate-cells per chip with each cell containing six transistors. More from 06285-29222.

Television

THE CEI American studio colour television camera is being marketed by Crow of Reading. Developed from the CEI-300 series of lightweight broadcast cameras it provides full broadcast quality picture signals, Crow states. Compact, with integral modular electronics and includes operating features associated with larger units.

Computing centre has 'become more responsive'

Faced with the demand of earning money from marketing its products and services now that less government funding is available, the National Computing Centre has "learned to become more nimble, more responsive to change."

This is the key message from the chairman, Professor J. H. H. Merriman, who states in the Annual Report for 1980-81 that it was "a year of success and achievement in the face of continuing economic recession." Of the Centre's £5.26m income, products and services accounted for £3.41m. Operating surplus was £44,000 (£67,000).

Reviewing the year Mr David Fairbairn, director, emphasised that for all NCC's ability to earn from products and services, it was important, nevertheless, "not to lose sight of its raison-d'être, which is not that of a commercial organisation, but rather of a co-operative body seeking to offer assistance to its members in those fields where concerted effort and common access to information and special skills offer definable benefits."

During the year the Filetab software package received the ICP Ten Million Dollar Club award, education and training activities were extended and among new initiatives were an audio visual training package on Cobol and the opening of a Cobol Training Centre in London.

Eighteen new books and 26 reports were published and the Advisory Service established a Computer Guidance Service in Manchester and London to provide computer expertise for small firms at low cost. Small systems users were able to use the new NCC division, Microsystems Centre—including the London Micro Workshop—aimed at helping and encouraging them.

Space agency software

PRIMORDIAL is a new software system enabling users to order copies of documents retrieved during online searches direct from their inhouse terminals. It has been developed by the Information Retrieval Service (IRS) of the European Space Agency. The U.S. National Technical Information Service also announces a new subscription service encompassing automation and computer technology for manufacturing. Details from 0420-84300.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

LOMBARD

Exchange control: a second coming?

BY DAVID MARSH

WITH international currencies and interest rates flailing around like demented whirligigs even the best-intentioned plans to improve control of the foreign exchanges have a habit of being overtaken by events.

In the March Budget, the Government announced it was seeking legislative powers to introduce inward exchange controls if needed to dampen the pound's strength. The proposals, put forward to conform with an EEC directive on regulation of international capital flows, have just gone through the *committee* stage in the Commons as part of this year's Finance Bill.

Flourish

It is ironic — but hardly surprising — that all this coincides with a plunge in sterling to $1.90. The feeling appears to be growing in the City and in industry that the next move, far from being the introduction of restrictions on capital *inflows*, may be to re-impose some of the controls on outward movements that were removed with such free-market flourish in October 1979.

Large scale sterling lending by British banks to overseas borrowers has been one of the principal factors behind the massive long term capital outflows out of Britain during the last year and a half.

These outflows helped to take some of the upward pressure off the pound last year, when Britain was running a current account surplus of Opec proportions and sterling was also boosted by the dual allure of petrocurrency status and high UK interest rates.

Now that all these factors are waning, some bankers in the City admit that they have been trying deliberately to amass a large portfolio of overseas sterling loans in anticipation of the day when controls on this type of business could be reintroduced.

Another piece of writing on the wall is the cautionary advice from Mr Archie Donaldson, the canny corporate treasurer in charge of ICI's international money dealings, that exchange controls could be re-imposed "virtually without warning" by either the present or the next Government.

Writing in this month's issue of The Treasurer, the journal of the Association of Corporate Treasurers, Mr Donaldson brushes aside the argument that restrictions would be difficult to re-introduce because of the removal of the Exchange Control department at the Bank of England.

Mr Donaldson points out that the Government's new regulations concerning inward controls are couched in terms of the 1947 Exchange Control Act —showing that this "is regarded as being on the statute book on an indefinite basis."

He says that the Conservative government would be unlikely to re-impose controls totally unless the pound came under really severe pressure. But, looking ahead to the next election, he warns that "its successor will not necessarily feel so inhibited."

The moral from all this is that Mrs Thatcher's government must not allow its own ideological propaganda to block off the perfectly sensible option of re-introducing some form of controls if downward pressure on sterling persists.

Influence

Certainly the Government is right in believing that intervention alone can do little to influence currency rates once the market has got the bit between its teeth. As France showed in the aftermath of President Mitterrand's election, the full panoply of interest rate increases, intervention and administrative controls is needed if central banks and governments wish to show that they mean business.

Even the West German Bundesbank, which tried its own exchange controls (in the inward direction) during the 1970s, and was less than satisfied with the result, took the step of persuading German commercial banks to slow down their DM lending overseas earlier this year to help arrest the slide of the D-Mark.

However much it might jar with Professor Friedman, Mrs Thatcher should learn the lesson from the Bundesbank that controls can sometimes be necessary — and, if applied firmly but reasonably undramatically, need not spark off too many derisive jeers of "U-aurn."

The scuttling of the Salem

THE LAW of shipping is peppered with cases which would read well in the *Boys' Own Paper* or, more profoundly, as rewritten by Joseph Conrad.

The scuttling of the Salem* is just such a case. Beneath the story, however, lay a relatively simple legal issue which had more in common with the criminal law than with the usually more arcane mysteries of marine insurance.

The owners of the Salem's stolen cargo sought an indemnity from the underwriters under a policy covering all sorts of "adventures and perils . . . of the sea," including "takings at sea." The question at the root of the cargo-owners' claim became: "Where was the cargo stolen?" It fell only within the cover of the policy if it was legitimately loaded on the Salem and taken at some stage after the vessel had set sail.

In the autumn of 1979 a gang of dishonest men conceived a bold but simple plan to steal 200,000 tons of crude oil, worth $56m. Crude oil is a desirable booty. It is very valuable, easily handled and virtually untraceable once the thief has disposed of it.

By the end of the year the gang had set up an innocent buyer in South Africa, bought a tanker, chartered the tanker and again sold the oil to an innocent charterer who insured it, and set sail from the Kuwaiti port of Mina al Ahmadi. The price of the tanker was met by letters of credit deceitfully obtained from the South African buyers. This was crucial to the potential success of the conspiracy: it made the whole conspiracy self-financing, and it also eliminated the need to find a dishonest shipowner willing to go along with the plot.

The gang's other needs were by and large satisfied by the effects of the Arab oil embargo against South Africa. They needed a firm purchase agreement from the South African buyers, with the price becoming payable on delivery. They needed those buyers to agree to set off the price of the ship against the price of the oil. They also wanted as few questions asked as possible.

On setting sail from Mina, the Salem was furnished with documents showing Italy as the destination of the voyage. All was apparently in order for the second, officially approved buyers of the cargo to ship the oil to Europe.

At an unknown place in the ocean, the crew of the Salem changed its name to the Lema and changed course for Durban. There other conspirators had arranged payment of more than $30m to the gang's Swiss bank. All that remained was to dispose of the evidence — the Lema/Salem — after an interval long enough for the money to become cashable.

On January 2 1980 the vessel set sail from Durban, unfortunately with some oil still on board due to pumping problems. Once at sea the crew filled the tanks with water to give it a laden appearance and the Salem proceeded on its course to Europe.

On January 17 the Salem sank off Senegal. Without having fired flares or other distress signals, the crew were picked up in lifeboats.

The sinking made news throughout the world. Memories of the Amoco Cadiz and, from further back, the Torrey Canyon ensured near-panic coverage by the world's press interested not in the loss of many millions to the London insurance market but in the deadly threat to the West African coastline.

The oil slick was simply not big enough. Fanned by sighs of relief from every other source, the underwriters' investigators had unearthed the essence of the theft by the end of January 1980. The underwriters then disclaimed liability on the cargo indemnity.

By this time Shell was the cargo-owner and it eventually sued the underwriters in the Commercial Court under the policy for the value of the cargo.

The policy covered "takings at sea." It was admitted that the words covered theft by the master and crew, but it was not clear whether that had been done "at sea."

BUSINESS AND THE COURTS

BY CELIA HAMPTON

The underwriters argued that the cargo was doomed to be stolen from the time it was pumped on board the Salem at Mina. The gang had already achieved almost all they had to achieve for a successful theft before the Salem was loaded. The only serious hitch was the problem of documentation. Forgery was apparently not part of the plan, and the gang would therefore have to persuade the South African buyers to accept something less than the original bill of lading.

There was no evidence and it was never alleged that these buyers knew anything at all about the plot. Because of the embargo, however, they might have expected some odd features in the documents — if these had given Durban as the destination of the voyage the Kuwaiti authorities would never have allowed the vessel to sail. Moreover, they would obviously have been anxious to get possession of the oil because of the money advanced to the gang to buy the tanker.

It remains a mystery, however, precisely how the South African buyers' confidence in the documentation was obtained.

The success of Shell's claim hinged on this factor. Mr Justice Mustill found that the element of uncertainty at the time of loading the Salem at Mina was such that the gang could not safely say that they had achieved their purpose. They could only do that after discharge of the cargo at Durban. Before that point they might, albeit unwillingly and disastrously for their plot, have been obliged to take the cargo to Italy after all.

The cargo came on risk under the policy on leaving the "place of storage." Because it was not already "taken" or stolen by the gang, it was still free to be taken at sea.

This happened when the Salem changed course for Durban. It had no business to do that, and that was the moment at which the intention of the crew to steal the oil became incontrovertible. They had not fully achieved their purpose, but every action taken from that moment on was in defiance of the rightful owners' interest in the cargo.

This finding is not only in accordance with the rather scant case law in the field of marine insurance (a 1969 case in which a ship's cargo was diverted en route to satisfy the shipowner's claim for unpaid charter hire) but it also accords with the criminal law of theft and the civil wrong of conversion—if you borrow someone's car you neither steal it nor convert it to your own use until you do something with it for which you *do* not have the owner's permission, even if you intended doing it all along.

The underwriters' appeal in the Salem case is pending. The simplicity of the issue reflects the simplicity of the conspirators' plan, but it will nevertheless be interesting to see whether it is a simplicity which commends itself to the Court of Appeal.

* *Shell International Petroleum Company Ltd. v. Caryl Antony Vaughan Gibbs, April 9, 1981.*

Mrs Celia Hampton is author of Criminal Procedure and editor of the Bulletin of Legal Developments.

Ancient Regime an each-way bet

RACING

BY DOMINIC WIGAN

IN SPITE of the possible absence of last year's William Hill July Cup winner, Moorestyle, from today's renewal of the Group 1 Newmarket Sprint, because of the ground's firmness, the race is certain to take a tremendous amount of winning.

The 14 acceptors include Marwell, her closest pursuer in the King Stand Stakes, Staandan, as well as highly rated challengers from France, Ancient Regime and Sonoma.

Further European flavour is added by Music Street, of Denmark, and Irish representative Prince Echo.

Marwell will undoubtedly start worthy favourite on the strength of the form she has shown since finishing a creditable fourth over a trip beyond her optimum in the One Thousand Guineas.

The impressive conqueror of Age Quod Agis in Haydock's six-furlong Gus Demmy Memorial Stakes, Marwell went on to revert to the minimum trip with equal success when lifting the King Stand at Royal Ascot.

However, the good-looking Newmarket filly looked in trouble a furlong out as she tried to close with the flying Staandan.

It was only close home that the combination of Marwell's strength and the effects of the blistering early pace on Staandan tipped the balance.

It seems doubtful if Staandan will trouble Marwell now that the pair are renewing rivalry over six furlongs

A better win and place bet—for anyone not prepared to take unrealistic odds about the favourite—is probably Ancient Regime, a consistent filly trained by John Fellows for Robin Scully.

James Bethel rarely has runners on the July course and backers will do well to consider Brave Maiden in the Ellesmere Selling Stakes. Brave Maiden, ridden by Willie Carson, did well last time out to finish a close fourth of 20, behind First Connection in a similar event over six furlongs at Windsor. He will be suited by this afternoon's additional furlong.

NEWMARKET

2.00—Brave Maiden***
2.30—Doobie Do
3.05—Ancient Regime**
3.35—Plum Lane
4.10—Crispin
4.45—Forest Ride*

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University. 1.12 pm Regional News for England (except London). 1.15 News. 1.30-1.45 Chock-a-Block. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Scooby Do. 5.05 John Craven's Newsround. 5.10 We are the Champions.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Bellamy's Backyard Safari.
7.20 Top of the Pops.
7.55 The Hitch-Hiker's Guide To The Galaxy.
8.30 Rings on their Fingers.
9.00 News.
9.25 The Good Old Days.
10.20 André Previn and Friends.
11.00 Smokers' Luck.
11.50-11.55 News Headlines.

All Regions as BBC-1, except as follows:

Cymru / Wales — 5.55-6.20 pm Wales Today. 6.50-7.00 Heddiw. 11.50 News Headlines, News and Weather for Wales.

Scotland—9.50 am The Wombles. 9.55 Jackanory. 10.10 Godzilla. 10.35-11.00 Take Hart. 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News Headlines; News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News Headlines. 11.54 Boxing. 12.40 am News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (As BBC 1 4.20 pm).
1.50 pm Open University.
6.55 Jacqueline du Pré Master-class.
7.30 Mid-Evening News.
7.40 Best of Brass.
†8.15 "To Have And Have Not," starring Humphrey Bogart and Lauren Bacall.
9.55 Mozart: the Last Decade.
10.45 Newsnight.
†11.30 Laurel and Hardy in "Towed In A Hole."

LONDON

9.30 am World Famous Fairy Tales. 9.40 Cities—Berlin . . . with Hildegard Knef. 10.30 The Outsiders. 11.20 A Big Country. 11.50 Barney Google and Snuffy Smith. 12.00 The Ark Stories. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.25 Racing from Newmarket, covering the 2.30, 3.05 and 3.35 races. 3.45 The Andy Williams Show. 4.15 Oily Americans. 4.20 Survival. 4.50 Salvage—1.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Walt Disney Classic.
6.40 "Doctor In Love," starring Michael Craig, Leslie Phillips and James Robertson Justice.
8.30 TV Eye.
9.00 Funny Man.
10.00 News.
10.30 Secrets of Midland Heights.
11.30 Christians Under Fire: Christian attitudes to marriage and divorce.
12.00 What the Papers Say.
12.15 am Close: Sit Up and Listen with Dame Janet Baker.

All IBA Regions as London, except at the following times:—

ANGLIA

9.30 am Sesame Street. 10.30 Welcome to the Ceilidh. 10.55 Joe 90. 11.20 Pre-Celebrity Snooker. 1.20 pm Anglia News. 4.20 Vicky The Viking. 4.45 Little House on the Prairie. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 TV Movie: "A Brand New Life," starring Martin Balsam. 8.25 Bygones Encore. 10.30 The Jim Davidson Show. 11.00 The Questors. 11.30 240 Robert. 12.30 am Methodists in Conference.

ATV

9.30 am Larry The Lamb In Toytown. 9.45 The Lost Islands. 10.10 Cities: Toronto. 11.00 Sesame Street. 1.20 pm ATV News. 2.00 and 3.45 The Royal Show from Stoneleigh Abbey. 4.20 Vicky The Viking. 4.45 Little House on the Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.05 Movie Premiere: "Beach Patrol." 10.30 Here and Now presented by Zia Mohyeddin. 11.00 The Questors. 11.30 ATV News. 11.35 The Royal Show from Stoneleigh Abbey.

BORDER

9.30 am Tarzan. 10.20 The World We Live In. 10.45 Stingray. 11.10 Mad Dog Gang Meet Rotten Fred and Ratsguts. 1.20 pm Border News. 3.45 The Entertainers (The Nolans). 4.20 Vicky The Viking. 4.50 Little House on the Prairie. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Cartoon Time. 7.05 Thursday Film: "Ebony, Ivory And Jade." 10.30 Take The High Road. 11.00 The Questors. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On, Where and Weather. 3.45 The Shadows in Concert. 4.20 Little House on the Prairie. 5.15 Father Dear Father. 6.00 Channel Report. 6.35 Crossroads. 7.00 Curtain Raiser. 7.05 TV Movie: "Future Cop." 10.28 Channel Late News. 10.38 Brass in Concert. 11.20 The Questors. 11.55 News and Weather in French.

GRAMPIAN

9.45 am First Thing. 9.50 Pavilion Folk. 10.15 Target The Impossible. 10.40 A Big Country. 11.05 The Amazing Years of Cinema. 11.35 Stingray. 1.20 pm North News. 3.45 Billy Royal and Friends. 4.20 Little House on the Prairie. 5.10 Police News. 5.15 Survival. 6.00 Summer at Six. 6.35 Crossroads. 7.00 Top Club. 7.30 Hagen. 10.30 Soap. 11.00 The Questors. 11.30 North Headlines. 11.35 Superstar Profile.

GRANADA

9.30 am The Bubblies. 9.35 The World We Live In. 10.00 Between The Tides. 10.15 Laurel and Hardy. 10.40 The Beachcombers. 11.00 Sesame Street. 12.30 pm How Will Warrington Vote? 1.20 Granada Reports. 1.30 The Electric Theatre Show. 3.45 Patterns. 4.20 The Flintstones. 4.50 Star Hour. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 The Walt Disney Classics. 7.05 Thursday Movie Premiere: "The Blue Knight," with George Kennedy. 10.30 Celebration. 11.00 The Questors. 11.30 The Monte Carlo Show. 12.15 am What The Papers Say.

HTV

9.60 am Thunderbirds. 10.40 "Nurse On Wheels," starring Juliet Mills and Ronald Lewis. 1.20 pm HTV News. 3.45 Survival. 4.20 Spiderman. 4.45 The Flying Kiwi. 5.10 Jobline News-desk. 5.20 Crossroads. 6.00 HTV West. 6.45 "Final Judgement," starring Buddy Ebsen. 10.28 HTV News. 10.35 Scene. 11.05 Mannix.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Cel Cocos Ser. 5.15-5.20 Potions and Notions (cartoon). 6.00 Y Dydd. 6.20-6.45 Report Wales. 10.35-11.05 The Quiet Ways of Wales.

SCOTTISH

9.55 am Simon in the Land of Chalk Drawings. 10.00 Hands. 10.25 How the West was Won. 1.20 pm News Headlines and Road and Weather Report. 3.45 The Royal Show—from Stoneleigh Abbey. 4.20 Little House on the Prairie. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 End of Part One. 7.00 Now You See It. 7.30 Danger UXB. 10.30 Soap. 11.00 The Questors. 11.30 Late Call. 11.35 Brass in Concert.

SOUTHERN

9.30 am Wild Wild World of Animals. 10.00 Patterns. 10.25 George Hamilton IV. 10.50 Survival. 11.15 Bailey's Bird. 11.45 Larry the Lamb. 1.20 pm Southern News and Weather. 3.55 The Story of Wine. 4.20 The Beachcombers. 4.45 The Flying Kiwi. 5.20 Crossroads. 6.00 Day By Day. 7.05 Beach Patrol. 11.00 The Questors. 11.30 Father Dear Father.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Patterns. 10.00 The Beatles. 10.10 Morning Movie: "The Engagement/The Terrornauts." 11.50 The Undersea Adventures of Captain Nemo. 1.20 pm North East News and Lookaround. 3.45 Life Begins at Forty. 4.20 Herculoids. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 The Incredible Hulk. 8.00 Benson. 10.30 North East News. 11.00 Double Top. 11.30 Questors. 12.00 Learning from Children—About Love.

ULSTER

1.20 pm Lunchtime. 3.45 Stars on Ice. 4.13 Ulster News. 4.20 Little House on the Prairie. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.20 Police Six. 6.30 Happy Days. 7.00 Give Us A Clue. 7.30 Max Bygraves. 8.00 Police Surgeon. 10.28 Ulster Weather. 10.30 Soap. 11.00 The Questors. 11.30 Bedtime.

WESTWARD

9.30 am Pro-Celebrity Ten Pin Bowling. 10.10 Thunderbirds. 11.00 Young Ramsay. 11.50 Westward Diary. 1.20 pm Gus Honeybun's Birthdays. 1.30 Westward News Headlines. 3.45 The Shadows in Concert. 4.20 Little House on the Prairie. 5.15 Father Dear Father. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Curtain Raiser. 7.05 TV Movie: "Future Cop," starring Ernest Borgnine. 10.32 Westward Late News. 10.35 Brass in Concert. 11.20 The Questors. 11.50 Faith For Life. 11.55 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Sally and Jake. 9.40 Alphabet: The Story of Writing. 10.05 Bailey's Bird. 10.30 Hopalong Cassidy. 11.00 Cartoon Time. 11.55 Wattoo Wattoo. 1.20 pm Calendar (Emley Moor and Belmont editions). 3.45 The Shadows. 4.20 Jason of Star Command. 4.45 Sierra. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Walt Disney Classic. 7.05 The Thursday Film: "Lacy and the Mississippi Queen." 10.30 Calendar Carousel. 11.00 The Questors. 11.30 A New Kind of Family.

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Paul Gambaccini. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 Jean Challis (S) and Racing from Newmarket. 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 Country Club with Wally Whyton (S). 9.00 Alan Dell with the Big Band Sound. 9.55 Sports Desk. 10.00 The Impressionists. 10.30 Star Sound Extra. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour with Sheila Tracy (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

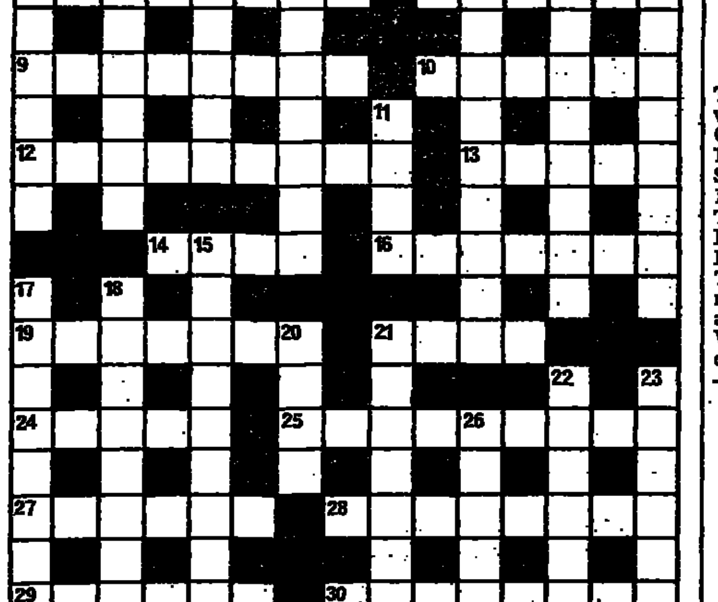
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Menotti (S). 10.00 Northern University Concert (S). 11.35 Piano Music (S). 12.15 pm BBC Welsh Symphony Orchestra concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 (S). 1.45 Wieland Kuijken, recital (S). 3.15 Youth Orchestras of the World (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 The Vision of Piers Plowman, by William Langland. 7.30 Kate of Heilbronn, by Heinrich von Kleist (S). 9.30 Sinding. 9.45 Elisabeth Lutyens (S). 10.55 Words. 11.00 News. 11.05-11.15 Mrs H. H. A. Beach (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Fat Man Out (S). 9.30 The Living World. 10.00 News. 10.02 A Good Read. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Analysis. 11.50 Enquire Within (S). 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 What the Foreigner Saw. 4.15 A Way of Living. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse (S). 7.30 Kaleidoscope. 8.00 Lupu, Muti and the Philharmonia part 1 (S). 8.40 Gammell's Gardens. 9.00 Lupu, Muti and the Philharmonia part 2 (S). 9.45 Letter from my Father's Chair, with Alan Protheroe. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,615



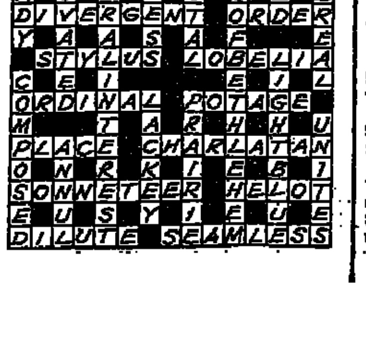
ACROSS

1 Main picture? (8)
5 Move to start composer (6)
9 From each uniform (2, 1, 5)
10 In France you examine Italian (6)
12 When to act in prison (5, 4)
13 Plaything outside right finds funny (5)
14 Unwilling to take chance with hydrogen (4)
16 What goes on in court makes sense (7)
19 A bar gets academic to leave (7)
21 Fish easy at first to digest (4)
24 First person backing assistance to Press and TV (5)
25 Sound of orgy in plant (4, 5)
27 Go back on part of a serene gentleman (6)
28 He gets fed up with his fellow-creatures (8)
29 Stops at sea to lose it in storm (4, 2)
30 Help join the Quakers (8)

DOWN

1 Not even retiring without inferior cloth (6)
2 Two bills turning up first-class tree (6)
3 Hang on to third-class fish (5)
4 Goblin is hot headed and mischievious (7)
6 Writing is a revolution to the worker (9)
7 African falls for plum (8)
8 Daddy of the fieldsmen (4, 4)
11 Network keeping Middle-East quiet (4)
15 Willing doctor has anything that's not bottled (2, 7)
17 Soothing influence spoken in royal house (8)
18 Military two-step? (3, 5)
20 Intelligence from all quarters (4)
21 Officer left time for art in bits and pieces (7)
22 Cheers two extras (3-3)
23 Impressive device newsman shut up (6)
26 Settled course with singer (5)

Solution to Puzzle No. 4,614



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. NUREYEV FESTIVAL Last Week. Evgs 7.30. Mat Sat 2.0. With The Boston Ballet ...

THEATRES

MERMAID TH., Puddle Dock, Blackfriars EC4. 01-236 5568. CC. 01-236 5324. 01-930 0731. EASTWARD HO! A NEW ...

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evs. 7.30. Wed. and Sat. 2.45. Group sales 01-379 6061. ANNIE ...

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THE ARTS

Mermaid

Eastwood Ho!

Forgetting the opening production—not all that difficult a task—Lord Bernard Miles's Mermaid in Puddle Dock is herself again. Sir Ralph Richardson rang the ship's bell ensconced on the stairway to a slightly widened auditorium. You now enter to the right of the foyer into an accessible box office area, main bar still where its was. Upstairs, there is another well-appointed bar, an art gallery running along the theatre's length, and a new restaurant with splendid views of the river and the motorway.

A Facelift Appeal for £1m has so far raised £400,000, mostly from the City of London, chief benefactors including BP and Barclays Bank. After three years of closure, one of London's most pleasant theatres is welcomed back. The heart only sinks when you realise that this broken-backed 1605 collaboration between Ben Jonson, George Chapman and John Marston occasions a half-hearted compromise between metropolitan nostalgia and rock musical.

The adaptation is by the composer Nick Bicât, the director Robert Chetwyn and the lyricist Howard *(Rock Follies)* Schuman. They follow the story precisely, charting the contrasted fortunes of two goldsmith's apprentices. Quicksilver, attracted by the adulterous and adventurist exploits of Sir Petronel Flash (Philip Sayer) ends up, with half the cast, imprisoned in the Counter; while good boy Golding marries the right girl and progresses through City channels to a position of judicial power that enables him to engineer a happy ending.

Apart from the songs, the main innovations are a jokey feminist solidarity among the girls and an emphatic tone of mock confessional retraction, chiefy encapsulated in a solid rock number for Quicksilver. This opportunity is gratefully received by Richard O'Brien (author of *The Rocky Horror Show*), completing a fine performance of spindly double-dealing. That, and a splendidly sung hot gospelling female lament for the demise of chivalry, ensures at least that the second half rises above the dire awfulness of the first.

Otherwise, Robert Chetwyn's idea of musical staging involves putting up the lights when anyone threatens to move and flooding a seriously under-populated stage of timber platforms with what is expected to pass for local colour.

The score and lyrics are not as bad as they sound with the orchestra seemingly telephoning its contribution from across the river. But good actors—Clive Merrison, Anita Dobson and Hugh Futcher all have their moments—are too often discovered grimacing strenuously in the enveloping void.

MICHAEL COVENEY

Cottesloe

Down by the Greenwood Side

Harrison Birtwistle's "dramatic pastoral" (1970) is being given five showings this month at the National Theatre, as part of the early-evening platform performances. The revival was overdue, a necessary reminder that the musical director of the National is, among other things, one of the few natural music-dramatists of our day. *Down by the Greenwood Side*, a half-hour long, is an extraordinarily inventive and pungent piece of music-theatre, and it draws from the National company (directed by the composer) a strong, cogent response.

The librettist, Michael Nyman, tapped his text from two folk with its tale of St. George and the infidel, and the traditional ballad "The Cruel Mother," about the murdering Mrs Green and the dead babies who haunt her. Birtwistle has interwoven the two tales, setting them up section by section in a way that allows contrasts between the two tales of death and resurrection to glance brilliantly off each other, and knitting the strands together in a final song and dance.

Mrs Green, a high soprano, is the single singer in the cast of six, and her song breaks with lyrical menace into the mummers' comedy. Out of a band of nine (two strings and percussion set against a pawky wind-and-brass complement) Birtwistle conjures a baleful, shrilly squalling sound-world. The work is an entertainment, of a kind closely related to the opera *Punch and Judy;* its flavour of time-honoured rituals purposefully invoked and its assortment of violence and muted poetry make for a unique experience. Mrs Green is Teresa Cahill, unclear in verbal utterance (admittedly, the words lie awkwardly across a wide tessitura), glittering of tone. Dominic Muldowney directs the band; the National actors are excellent. Further performances this evening, then later in the month; strongly recommended.

MAX LOPPERT

Hugh Routledge

Shaw's "Androcles and the Lion," first mounted here last year, retains its bite and sharpness despite the entrancing glades of the Open Air Theatre in Regent's Park. Stephen Brigden is the lovable, velvet pawed beast, tended by an endearing Androcles (Brian Parr). The Romans are especially good—gorgeously decadent but clear of the worst excesses of theatrical camp.
Garry Raymond is an impressive Captain, though ill-matched in his verbal sparring by Gabrielle Drake's shrill Lavinia. But why drag the audience into the car park for half of Act 2? The major and highly uncomfortable misjudgment destroys an otherwise delightful evening.

ROSALIND CARNE

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1980							
1st qtr.	109.8	100.2	100	110.2	158.6	1,379	193
2nd qtr.	106.4	96.8	98	109.2	164.3	1,498	159
3rd qtr.	103.2	93.2	84	108.9	170.3	1,699	120
4th qtr.	100.3	89.1	79	109.0	205.2	2,020	98
Oct	100.9	90.2	75	109.7	179.1	1,893	100
Nov	100.3	89.1	82	109.2	192.8	2,030	96
Dec	99.7	88.0	79	108.4	236.0	2,137	99
1981							
1st qtr.	98.6	87.7	98	112.7	174.4	2,304	100
Jan	98.2	87.4	91	114.0	177.6	2,228	104
Feb	98.9	88.1	93	112.9	170.1	2,304	98
March	98.8	87.5	110	111.4	175.3	2,381	97
April	98.6	88.2		111.4	181.6	2,452	94
May				110.6	177.1	2,515	92
June						2,553	82

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
1st qtr.	104.5	101.3	123.6	99.1	57.3	92.2	13.3
2nd qtr.	98.0	96.4	123.2	93.2	94.2	85.6	15.2
3rd qtr.	97.0	94.9	117.3	91.1	76.6	82.2	12.5
4th qtr.	93.7	90.0	116.8	85.3	70.6	77.2	10.1
Oct	95.0	92.0	117.0	87.0	69.0	77.0	11.9
Nov	93.0	90.0	117.0	85.0	73.0	78.0	11.2
Dec	93.0	89.0	117.0	84.0	70.0	76.0	7.1
1981							
1st qtr.	93.1	86.1	117.2	82.1	76.1	77.3	10.6
Feb	94.0	86.0	118.0	82.0	77.0	78.0	11.1
March	93.0	86.0	118.0	82.0	78.0	78.0	10.8
April	93.0	86.0	119.0	83.0	84.0	76.0	12.4
May							14.7

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.08
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
Sept	121.9	114.8	+344	+429	+ 39	105.3	27.64
Oct	124.5	106.3	+506	+711	+133	105.3	28.03
Nov	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec	125.7	114.5	+353	+559	+ 35	105.1	27.48
1981							
1st qtr.							28.34
Jan	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21
April							28.07
May							26.49
June							25.63

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	2,049	17
2nd qtr.	− 1.5	10.7	23.3	+3,472	897	1,964	17
3rd qtr.	11.8	36.1	45.2	+6,336	1,090	1,933	16
4th qtr.	8.8	20.1	11.2	+3,327	1,253	1,793	14
Nov	6.2	17.7	7.7	+ 971	285	559	14
Dec	16.1	20.9	7.0	+ 924	448	605	14
1981							
1st qtr.	6.4	8.6	12.4	+1,343	1,081	1,884	12
Jan	5.8	11.7	10.1	+ 345	446	620	14
Feb	13.1	7.8	12.9	+ 123	366	638	14
March	6.8	6.4	14.3	+ 875	269	626	12
April	25.3	13.4	3.9	+1,974	296	655	12
May	21.7	18.9	7.0	+1,064	436	608	12
June							12

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	93.0
2nd qtr.	178.8	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
Nov	192.6	203.4	206.2	274.1	260.0	270.56	101.1
Dec	197.3	205.1	206.2	275.6	262.7	262.53	100.2
1981							
1st qtr.	195.3	213.8	212.2	280.4	268.7	257.79	101.2
Jan	193.2	209.7	208.9	277.3	266.7	251.88	102.0
Feb	194.8	214.0	211.9	279.8	268.9	259.93	102.5
March	197.8	217.8	215.1	284.0	270.6	261.56	99.7
April	198.5	221.3	218.0	282.2	274.2	258.61	99.2
May		226.1	219.2	294.1	276.7	255.14	98.8
June		229.5	221.8			245.07	95.4

* Not seasonally adjusted

Record Review

French round-up

by RONALD CRICHTON

Saint-Saëns Samson et Dalila. Obraztsova, Domingo, Bruson/Orch. and chor. de Paris/Barenboim. 3 records in box. DG 2709 095

Massenet Werther. Obraztsova, Domingo, Augér, Grundheber. Moll/Cologne Radio SO/Chailly. 3 records in box. DG 2709 091

Massenet Le Roi de Lahore. Sutherland, Tourangeau, Lima, Milnes, Ghiaurov, Morris/Nat. Phil., London Voices/Bonynge. 3 records in box. Decca D210D 3

Massenet Le Jongleur de Notre-Dame. Vanzo, Bastin, Vento/Monte Carlo Opera Chor and Orch/Boutry. 2 records in box. French EMI 2 C 167-16275/6

Gounod Mireille. Freni, Rhodes, Vanzo, Van Dam, Bacquier/Capitole Toulouse Orch. and Chor./Plasson. 3 records in box. EMI SLS 5203

Gounod Roméo et Juliette. Freni, Corelli/Paris Opéra Orch. and Chor./Lombard. 3 records in box. French EMI CAN 235-7

Gounod Songs. Poulenc L'Histoire de Babar. Bernac, Poulenc, Johnson. Friends of Pierre Bernac. PBI

Fauré Pénélope. Crespin, Jobin, Massard, Vessières/Orch. National, RTF Chor./Inghelbrecht. 3 records in box. Discoreale DR 10012/14

French opera has returned to the record catalogues in quantities generous enough to brighten moments of gloom when one notes a general tendency to go on recording the same operas with the same tenors. What follows is a round-up, much delayed, of recent or fairly recent issues and of the imports and special issues which play an important role in our gramophone pleasures. Two general points emerge. There are few French singers today in the international front rank and they (Crespin and Vanzo are examples) have not always been given the right opportunities. There are, however, a number (including some distinguished Belgian Franco-phones) of excellent and versatile artists widely employed in supporting roles.

Deutsche Grammophon's *Samson et Dalia* and *Werther*, which reach their usual impeccable recording standard. Barenboim's *Samson*, made after the Orange Festival performances in 1978, is good enough to force a reappraisal of the score. He is equally effective in Israelite chantings and Philistine tinklings (orientalism plus Handel-corrupted-by-Meyerbeer). Samson's muscle is better not suggested in the voice. Domingo concentrates on restrained nobility with great purity of line. Very moving. Elena Obraztsova's Dalila is uneven: cloudy and curdled at her entrance and again in "Mon coeur s'ouvre à ta voix," elsewhere impressive, with imperious phrasing and flashing vocal colour. The High Priest of Renato Bruson has moments but on the whole sounds like a big fish out of water. A fine Old Hebrew from Robert Lloyd. Orchestre de Paris and attendant chorus (trained by Arthur Oldham) both splendid. Listen to the detail in the once hopelessly hackneyed Bacchanale.

Werther has the same principals. Domingo sings the title role as beautifully as one would expect, but although his French enunciation has greatly improved it still won't serve to characterise the music — the Albert of Franz Grundheber, with a good but not outstanding baritone voice, shows how this can be done. Obraztsova is commanding in the admirable third act—but how one wishes she were singing in Russian! Riccardo Chailly conducts a performance over which great trouble has clearly been taken. Kurt Moll's Bailiff and Arleen Augér's Sophie (not girlish but light, airy, unmetallic) are notable. So is the way conductor, orchestra (Cologne Radio) and principals combine to make the last act seem so much shorter and more interesting than usual.

Le Roi de Lahore (Paris Opéra, 1877) is a latterday Meyerbeer spectacular, coming 12 years after the master's posthumous *L'Africaine.* There are reversions to grand opera style but also interesting foretastes of the late Chaikovsky ballets, of Rimsky, and of the ermine-and-diamonds turn-of-the-century music of Glazunov and Rakhmaninov. The whole pseudo-Indian farrago (the orientalism comes and goes) is carried off with brilliant panache. Most of it comes up enjoyably in this sumptuous digital Decca recording (better on colour than clarity, or is that something to do with conductor Bonynge and the National Philharmonic?).

Sutherland sings voluptuously and flexibly, taking considerable trouble about words. Huguette Tourangeau is in winning voice. Luis Lima is becoming a most acceptable tenor — but he must beware of pressing. The three low voices — Sherill Milnes, James Morris and Nicola Ghiaurov, are splendid. Milnes's "Promesse de mon avenir" is outstanding.

Le Jongleur de Notre-Dame (Our Lady's Juggler) shows a quite different side of Massenet's talent—brushing in a medieval tale with skilful economy. I'm not sure the ending, with the miraculous coming-to-life of the Virgin's statue to bless the juggler for doing his humble act, is any more acceptable than Puccini's in *Suor Angelica*, but much of the rest—the artist-monks, and Boniface the Cook, is effective and touching. This is a Monte Carlo performance, conducted by Roger Boutry and recorded in the theatre where the opera was first given, in 1902. The sound is so much better than the bathroom resonance which disfigures many French recordings that one hopes this theatre will be used often. Vanzo's Juggler is a winner, and so is the Boniface of Jules Bastin (inevitable choice). The Prior of Marc Vento and the monks of Tibère Raffalli, Jean-Marie Fremau, Michel Carey and Jean-Jacques Doumene deserve mention.

Gounod's Provençal pastoral *Mireille*, given here with the tragic ending (the history of the opera is too complicated to summarise) was recorded for EMI at Toulouse, in the Halle aux Grains, whose acoustics are worryingly brash at first but grow better. Or perhaps the fine performance under the conductor, Michel Plasson, with the chorus and orchestra of the capitole, makes one think so. A strong French cast, with a guest star for the title-role. Unfortunately Mirella Freni, so well suited to the part, was in off-and on voice when the recording was made. Plenty of compensation: Vanzo disarmingly direct and natural as Vincent, Jane Rhodes in her element as the crone Taven, José Van Dam admirable as the drover Ourrias, Gabriel Bacquier as the heavy father. Endearing score, aromatic as a Provençal stew, *Mireille* may yet replace *Faust* as the public's favourite Gounod opera.

The re-issue of the EMI *Roméo et Juliette* must I suppose, be explained by the Juliet of Freni (this time in irresistible form), by the return of Gounod's opera to the repertory, and by lack of competition. Corelli's Romeo has some outbursts of red-blooded passion which few French tenors could manage, but the style is coarse and the words horribly mangled. Almost everything here is coarse, including Alain Lombard's conducting and the recording, which dulls the contributions of the supporting cast (though I suspect the Friar Laurence of Xavier Depraz would be dull anywhere). Only Gounod, Freni and the Paris Opéra chorus come out with credit.

For those who feel bludgeoned by Corelli's French (and he is not the only offender on this list) the cure is at hand. Listen to the first record put out by The Friends of Pierre Bernac, containing a BBC broadcast of 1957 of Gounod songs with Poulenc at the piano, and Poulenc's own *L'Histoire de Babar, le petit éléphant* for speaking voice and piano, a broadcast made in 1977, after Poulenc's death, with Graham Johnson. The Gounod songs include some of the best (they are very good) like *Venise* and *Prière*. Be warned that the combined subtlety and certainty of Bernac's inflections, as singer and speaker, may increase a hundredfold English inhibitions about singing or speaking French in public. Available from Discurio, 9, Shepherd Street, London W1. Reduced price for members of the Friends.

The Discoreale *Pénélope*, the first it appears of a series from the French INA archive material, is a live recording of a 1956 concert performance at the Théâtre des Champs-Elysees in Paris. The interpretation, with Inghelbrecht conducting the Orchestre National, and and Crespin and Raoul Jobin in the leading roles, is vital and interesting enough to persuade any lover of Fauré's opera to overlook boomy sound quality and a few dropped stitches in singing and playing. One soon learns to listen through the boom. Inghelbrecht was not a surface-polisher so much as a seeker for essentials. Extreme clarity of detail is missing, but his intensity and urgency bring clarity of aim and great boldness.

Crespin, at the beginning of her career, already has a firm sometimes thrilling grasp of the title-role. Jobin is steady, controlled, entirely without tenorial artifice, finally very impressive. Christiane Gayraud as Euryclea and André Vessières as Eumaeus a similar taut restraint. The suitors are led by the young Robert Massard as Eurymachus. Not necessarily the best introduction for those unfamiliar with *Pénélope*, but a must for admirers. As for those Faure interpreters who wilt and wallow in the English way, they will ignore this lesson at their peril. Available from specialist and discount shops. The British distributor is Parnote.

Elizabeth Hall

Hindemith

by DOMINIC GILL

If there is indeed to be a Hindemith revival — and I am not entirely convinced, having noticed no really significant change in the exhaust-note of the Hindemith engine that has chugged away in the background, and from time to time, at the occasional pit-stop, in the foreground of our music-making for as long as I can remember — then let it be to performances of such skill, cogency and wit as the London Sinfonietta gave under David Atherton on Tuesday night at the final concert of their three-part Hindemith series.

Let it also perhaps be to performances a little less hectically fast than the tempo which Atherton chose for the outer movements of the *Kammermusik* no 1: the score zips and sparkles quite enough as it is, without the rattle and blur of additional supercharge. Elsewhere there were many things nicely gauged: from the winds especially in the opening movement of *Kammermusik* no 2 there was a fine current of manic glitter (energetically if not always incisively proposed by the piano soloist Paul Crossley), and in its dumbly evocative *Kleines Potpourri*. And if the keenest direction could hardly breathe excitement into the humorless motor-rhythms and note-spinning of the little cello concerto that is *Kammermusik* no 3 at least the slow movement, beautifully rounded by the solo cellist Ralph Kirshbaum, had a kind of plummy charm.

The evening's new work by Jonathan Lloyd (b. 1948) called *Won't it ever be morning?* was not so much a hard as a rubbery and elusive nut to crack. Impossible to judge at a single sitting: but I could hear little character in its 18 minutes, nor much evidence of any strong or original invention. The music, for 16 players, including important parts for electric guitar, saxophone, percussion and harmonium/piano, read neatly enough in score; but it *sounded* tumbled together, erratic, unguided. The final few minutes of quite explicit jazz were by far the most engaging—but that was thanks less to Mr Lloyd than to the splendid saxophony of John Harle.

Sadler's Wells

Ballet Stars of America

by CLEMENT CRISP

It would be pleasant to report that Tuesday night's second programme by the group of American dancers at the Wells was a different and more convincing affair from Monday's depressing opening. But matters were only improved in the Balanchine *Sylvia* duet that ended the first part of the evening. Here, with serious choreography, Martine van Hamel and Kevin McKenzie were seen in their true colours as principal dancers of American Ballet Theatre. Miss van Hamel's rich contralto style—at its best like the pouring of thick, thick cream—is very different from the coloratura and adorable musicality of Violette Verdy, whose show-case this ever was, but she brought grandeur to the dance, and lovely control.

Mr McKenzie, clean and sure in technique, was impressive: both artists need a much bigger stage, yet they looked like dancers at ease, and in command of the pas de deux. The rest of the bill brought choreography indifferent to downright bad, and the members of the ensemble labouring to make whatever points they could amid a torrent of cheap-jack dance invention.

The middle of the programme was devoted to an exercise in angst and fevered emoting in John Butler's *Desire*, which is "suggested" by O'Neill's *Desire under the Elms*. Miss van Hamel, Mr McKenzie and Gary Chryst tormented each other, and could have been much better employed. In two other numbers Haydn and Beethoven were burdened with vapid choreography, and dancers mickey-moused (step for note) about the stage. Gary Chryst brought exceptional rhythmic vitality to the show-biz predictabilities of a solo from the Broadway show *Dancin'*, and Miss van Hamel appeared in a version of *The Dying Swan* which had the grace to list itself as "after" Mikhail Fokine—faint pursuit.

Choo San Goh's *Casual Moments* was inexplicable about Lise Houlton (who deserves better) and Gregory Osborne apparently meeting in Central Park by night—no wise thing. The evening was brought to a dispiriting close with a crass *Biology 101* by Michael Kessler, six dancers, hideously clothed, threshing through a compendium of vulgarities. If such "concert" programmes are to make any sense at all, much sounder choreography, more efficient presentation and better design are first essentials.

Music Marathon at the London Coliseum

Starting Friday September 25 the English National Opera is staging one of the most ambitious and unusual events to be held in London, a Music Marathon, incorporating 50 hours of non-stop music and entertainment in every corner of the London Coliseum.

The primary aim of the Marathon is to raise money for the Jubilee Appeal. It starts at 7.30 pm on September 25 with a performance of Mozart's *The Seraglio* and finishes on Sunday September 27 with a major concert performance.

During the weekend the Coliseum will be open day and night with constant musical activity. The programme of events includes a variety of professional and amateur music-making: a performance of Lehar's *The Merry Widow*, a midnight matinee with special guest artists, a concert for at least ten pianos, a children's concert, rock music and radio boardcasts.

Further information from Elsa Hackett-Jones, Appeals Project Organiser on 836 0111 (Ex 137).

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The indexed banana skin

THE RATHER undignified response to the second offering of indexed-linked Government debt yesterday should provide some useful education in the handling of market novelties. Central banks are not equipped by experience for such circumstances, and when such stocks are offered in occasional lumps of £1bn to a small section of what is at present a thin and nervous market, accidents are likely to happen. However, the sight of the Old Lady taking a purler should not distract attention from the underlying principles at stake.

Demand

We have long favoured, and continue to favour, a role for indexed stocks in Government funding on grounds which have nothing to do with day-to-day movements in the market. They should be of help to the authorities, because the guarantee of a real return should ensure demand at a time when expectations are uncertain and demoralised. Further, they imply a known cost in fiscal terms—the yield of a penny of income-tax will move closely in line with the yield on indexed stocks; and they do not, in their early years, involve large disbursements of cash which must promptly be borrowed back to maintain monetary control.

From the point of view of the investor, the availability of a stock which offers a known, if modest, real return is a valuable alternative to more speculative securities—for when inflation is high and variable the real yield on conventional stocks is quite unknown after a few years. An indexed stock, in a well conducted market, should fill exactly the same role as Consols did for the Victorians—a holding especially suitable for widows, orphans, and trust funds.

It also seems right that indexed retirement incomes should be available in the private sector at a realistic price—a price which could be determined from an adequate spread of indexed stocks.

Finally, the availability of a security of a known real maturity value could offer an important alternative to foreign securities at times when confidence is shaky.

The problems of managing the economy are sufficient without adding to them that of managing flights of capital such as are a feature of past crises in Italy and recent political events in France. Indexed securities could in short be a source of stability in quite a broad sense.

Of course, benefits can only be obtained at a price, and one question which immediately arises after yesterday's issue is whether a real yield of just under three per cent is an excessive price to pay.

Certainly the yield is much higher than some of the figures which City speculation suggested until recently; but it is hardly very high by historic standards (the real yield of Victorian Consols, when prices were falling, was substantially higher). The test here is not some notional sum for Treasury disbursements in devalued money at some future date, but whether a real return of three per cent sets a pace too hot for the private sector. It is uncomfortably close to the estimated real return on industrial assets in recent years, allowing for cyclical swings, but it should hardly inhibit any future investment worth making.

In any case, the authorities have now set a temporary ceiling on the real yield they are prepared to offer, and have retained what amounts to an indexed tap stock. These events may themselves help to focus future expectations, and assist the development of a rational market.

This needs to be said, because the development of the market so far has not been rational. The prices of conventional stocks, whose real value falls as inflation rises and rises as it falls, have carried the existing indexed stock, which has a stable real value, with them. Stock prices do not seem to reflect expectations about real events, as efficient market theorists urge, but simply about the endless game of cat and mouse between the institutions and the Government broker.

Inhibited

The most helpful cure would be to widen the market—and this might also reduce the yield. The Treasury seems inhibited by embarrassment about collecting capital gains tax on what are, by definition, purely nominal gains; but critics of the tax have hardly failed to notice that it already operates in this way. The development of a valuable new market should not be inhibited by important but irrelevant arguments about an ill-conceived tax.

The challenge of free trade

THE REAGAN Administration's outline of a free trade policy is both a challenge and a threat. In principle it commits the U.S. to the principles of freer trade; it also makes clear that America's trading partners are expected to obey the same principles—or else.

A so-called white paper presented to Congress yesterday by Mr William Brock, President Reagan's Special Trade Representative, goes to the heart of the matter where it says that U.S. industry will have to upgrade its capabilities or move to other activities in those cases where other nations have a "natural competitive advantage."

Dumping

The operative word is "natural." The white paper gives notice to America's trading partners that Washington will strictly enforce U.S. legislation against dumping, subsidies and similar practices capable of distorting trade patterns. Since the document goes into few details, practice alone will show whether the promise or the threat must be taken more seriously.

In the past, the American record has been mixed. The trigger mechanism has proved an effective protective device against much imported steel and Washington intends, if anything, to tighten the procedure. The "voluntary" restraint demanded of Japanese car exporters is protection with a fig leaf. On the other hand, quotas on certain Third World imports of clothing and footwear have been lifted.

In part that was a gesture towards Washington's friends in South Korea and Taiwan. None the less the step was in the right direction, above all because the Third World has a justified case for special consideration. It is to the developed countries that the challenge must be directed not to create artificial competitive advantages for themselves.

Subsidised export credit is a subject that has particularly rankled with the Americans. It has not so far been possible to come to an international agreement limiting the practice to genuine aid for poor countries instead of using it as a competitive weapon. The U.S. itself is not immune to questioning, since the Export-Import Bank can lend below market rates. President Reagan wanted to reduce its funds for fiscal rather than commercial reasons, but the Congress may not accept his cuts.

Mr. Brock's document, in condemning "trade distorting interventions," points an accusing finger at other devices, such as the practice, by no means confined to Third World countries, of not allowing foreign manufacturing investment unless it makes a specified contribution to exports. The white paper also complains that many countries erect barriers behind which they try to develop their own high-technology industries.

Yet distortions to normal commercial patterns are not unknown even in the U.S. The competitive bidding of some of the individual states, which are not subject to Washington's control, for several foreign investment plums is a case in point.

On the other side of the ledger, the U.S. has complied with some key recommendations of the last round in the Gatt. Countervailing duties may no longer be imposed merely if the foreign exporter is suspected of being subsidised: instead the Gatt formula has been adopted which requires proof of damage to domestic producers.

Integration

Taking the overall view, the white paper shows that the days are over when the U.S. looked with relative indifference on its exports. It is not merely government policy, but the result of changing trade patterns. Japan and Europe have made deep inroads into U.S. markets. That can now be seen as part of the increasing integration of world markets, and the American counter attack is in full swing.

It is a clear implication of the Brock white paper that the Administration intends the increase of American exports to continue, and, if necessary, to use its political powers to ensure that America's trading partners do not put up the shutters. That will give other industrialised nations no excuse for complaints, provided that the Americans apply the test of "free, but fair trade" to themselves as well as to others.

BRITISH GAS

The high street eviction

By David Churchill, Consumer Affairs Correspondent

THE BIGGEST Government-inspired shake-up in the structure of British retailing was set in motion yesterday by Mrs Sally Oppenheim, the Consumer Affairs Minister.

Some 900 retail showrooms operated by the British Gas Corporation are to be progressively sold off over the next five years as British Gas obeys the Government's order to pull out of gas appliance retailing.

The showrooms themselves are valued by British Gas at around £40m. But retail property analysts suggest the true value of the freehold and leasehold properties in prime high street locations could be three or four times that figure. There will be no shortage of banks, building societies, and multiple retailers queuing up to buy some of the more plum properties.

Meanwhile, a clutch of major retailers — including the Co-ops, Comet, and Currys — are planning to expand gas appliance sales. Other retail chains and department stores are likely to follow suit and the prospect of new chain stores being set up just to sell gas appliances cannot be ruled out.

Gas appliance retailing (excluding central heating systems) is a major section of high street trading worth an estimated £250m in total, of which British Gas's share is about £170m. Over 11m homes—out of a total of 19m — prefer to cook by gas. And some 55 per cent of consumers buying new cookers choose a gas appliance.

Not surprisingly, British Gas is unhappy at being forced to sell off its gas appliance activities. It has also made it clear that it believes that it may get harder for consumers to find spare parts and servicing for gas appliances. Safety standards could also be reduced.

The major appliance manufacturers—such as Thorn Gas Appliances, Tube Investment Domestic Products and Valor—are worried that the market for gas appliances could be eroded by the change.

Hugh Routledge

In the past, selling to British Gas had ensured that there would be a substantial market for their appliances. But sales to a fragmented retail market will force them to be more aware of the market and consumer demands.

British manufacturers, for example, were slow to produce split-level gas cookers, which enabled foreign manufacturers into the UK market but they will now have to look for export markets to balance any decline in the UK market.

The corporation has some unexpected allies in the consumer movement which has previously criticised the high gas appliance prices and the low service standards. Miss Rosemary McRobert, deputy director of the Consumers' Association, said yesterday that there "was no evidence to suggest that independent retailers would rush to supply British Gas customers." And the move was likely to reduce the available choice of appliances.

The Government's case is twofold. First, the Monopolies and Mergers Commission report last year clearly found that British Gas's monopoly position in gas appliance retailing operated against the public interest.

British Gas has about 90 per cent of the market for gas cookers, 86 per cent for "space" heaters such as gas fires, and 67 per cent of the water heater market. The Commission ruled that British Gas was abusing this market dominance by such tactics as "predatory" pricing to under-cut small retailers, securing exclusive supplies of modern cookers from manufacturers, and forcing manufacturers to give it larger discounts than they would give independent retailers.

Second, the Government believes that consumers will change their attitudes over the next five years towards where they buy gas appliances. It points out that Britain is unique among major European countries (see panel) in having the monopoly supplier of gas as the near-monopoly supplier of gas appliances.

To a certain extent, British Gas brought about its own downfall. In the early 1970s it over-reacted to electricity industry competition and to the rise of independent gas appliance retailers. Its attempt to squeeze them (detailed in the Commission's report) eventually led to the two-and-a-half-year probe.

The only retailer of any size to withstand British Gas's onslaught was Comet Radiovision; itself an aggressive retailer, which clung precariously to its foothold in the market. (It had just over 2 per cent of gas cooker sales in 1976). Mr Michael Hollingbery, Comet's chairman, argued that Comet could eventually make inroads into British Gas's market dominance on the basis that any monopoly was vulnerable. Like other retailers, Comet offers a service contract on its appliances and connects them to the gas supply.

Curry's and the Co-ops entered the market in 1979.

Some 60 Co-op societies now sell gas cookers and heaters. Curry's originally sold cookers through 45 shops. But it has since switched selling gas appliances mainly through its 19 Bridgers discount stores where it has more space to display models.

Mr Terry Curry, joint managing director, believes it logical for electrical goods stores to sell gas appliances as well and sees a number of companies entering the market. The 400-strong Rumbelows chain, for example, said yesterday that it was considering selling gas cookers once British Gas's monopoly was broken.

The key issue, however, remains whether independent retailers can provide the same level of service as British Gas. About 9,000 of 16,000 private gas servicemen are members of the Confederation for the Registration of Gas Installers (Corgi). Corgi members are used by most retailers. But the law does not require that installers or servicemen should have formal qualifications for their work or even that they should be registered or licensed. The relevant legislation states only that appliances should be installed by "competent" persons.

BRITAIN IS virtually alone among major countries in Europe in having a monopoly national supplier of gas which is also a monopoly retailer of gas appliances.

- **France: the state-owned monopoly Gaz de France does not sell appliances but sometimes leases space in its offices for their display.**
- **Netherlands: Nederlandse Gasunie has a gas monopoly but sells to local energy boards for consumer retail. These boards display, but do not sell, gas appliances.**
- **Germany: gas supply comes from both private and municipal suppliers who can sell appliances, although these are sold mainly through private retail outlets.**

In the Netherlands and Germany installation work may be carried out only by approved plumbers or licensed fitters.

A suitable case for treatment

By Ray Dafter, Energy Editor

THE GOVERNMENT is now trying to reshape and reduce the British Gas Corporation's influence in a fundamental manner never before attempted in the nationalised energy sector.

The proposed ending of the corporation's attractive gas appliance business will have the most direct impact on the general public. But other interests are about to be lopped from British Gas — notably its half share of the important Wytch Farm oil field in Dorset and possibly its growing offshore oil assets. In addition, the corporation may lose its right of first refusal to all natural gas produced in the UK.

"It seems all our chickens are coming home to roost," commented a British Gas official, extending the metaphor to add: "The Government should also be wary of killing the goose that lays the golden eggs."

After many months of bitter arguments with Sir Denis Rooke, the corporation's defiant chairman, there was in the end little compromise over the Government's directives on Wytch Farm and the showrooms, even though some Ministers had expressed reservations. Within the Department of Energy, for instance, there was a feeling that the "privatisation" of the appliance business could have been achieved in a potentially less disruptive way.

But Sir Denis repeated in no uncertain terms that he was against proposals that would weaken the corporation's integrated business and affect gas consumers. In adopting this uncompromising stance British Gas may have helped to cook its own special goose.

And yet British Gas has always been the most obvious candidate for change under a Conservative Government eager to lessen the role of state monopolies. For a start, the corporation is strong and financially healthy. Its pre-tax profit in the 1979-80 financial year was a record £426m. Last year's earnings—still to be revealed—were expected to be very much higher, but a relatively warm winter and the economic recession almost certainly dented these aspirations.

Just as important, the corporation has clearly identifiable interests outside its mainstream gas distribution business. Oil, for example, is a sideline which is growing at an impressive rate.

In 1975/76 British Gas had no oil income at all. Since then, thanks to some North Sea joint ventureship deals, its oil revenue rose from an annual rate of £44m in 1978/79 to £92m in the following year. And it is still increasing, having passed the £120m a year mark.

Industry estimates suggest that the corporation now owns over 300m barrels of recoverable oil reserves—worth around £5.5bn gross at current prices—in six commercial fields. Three are on stream: Wytch Farm (found and operated by British Gas), Beryl and Montrose. The others—Fulmar, Hutton and North West Hutton—are due to be commissioned over the next two or three years.

And there are other oil prospects in which the corporation has interests. Only four months ago the Energy Department awarded British Gas several fresh offshore oil and gas exploration licences.

Compared with oil, there has been a much steadier growth in the revenue from appliance sales. Turnover has risen from £63m in 1970-71 to £199m in 1979-80 (excluding central heating systems). In terms of the numbers of units sold, there was a slight decline in business during the period, from 1.68m units to 1.55m units in 1979-80. The corporation's annual report, to be published shortly, is likely to show that there was a significant drop in sales in 1980-81 as a result of the economic climate.

In spite of the oil and appliance interests, it is sales of natural gas that still account for the bulk of the corporation's revenue; they represented 77.3 per cent of total turnover in 1970-71 and almost 84 per cent of the £3.5bn turnover in 1979-80.

The figures would seem to support the Government's view that even with all of the planned cuts, British Gas will remain a very large and viable undertaking.

From a management point of view, British Gas says, divestment could hit staff morale and career prospects. On a more personalised level executives like Sir Denis would find a slimmer, more single-minded corporation a less interesting organisation to manage.

But most significant of all is the warning from the corporation that the jobs of up to 40,000 of its 104,000-strong staff could be at risk as a result of the showroom proposals.

But it has been this warning of staff cuts, more than any other, that has raised the ire of trade unions. The unions, which operate a closed shop for new recruits, have promised a one-day stoppage next week and further disruption if the Government proceeds with its showrooms proposals. In an industry which has never had a fully-blown strike, things are changing in more ways than one.

MEN AND MATTERS

Watership Down?

Quite a different cut to Playboy's jib as it piped the Admiral aboard yesterday to prepare to defend its casino licences against the Gaming Board's critical attack in September.

Admiral Sir John Treacher, the new UK chairman and managing director, met the City and social Press in a cramped and drab room at the Waldorf, seated with a jug of iced water beneath a stern military portrait. Not a Bunny in sight. Desperate photographers questioned the few female reporters. "Are you a Bunny, miss? Sorry, you looked as if you might be." And, with a hopeful glance under the table, retired ruefully to another cup of coffee.

"Oh, I'm sure the Playboy image will be sustained," says Sir John. "What will change is the business style." Hefner's head-hunters found him at National Car Parks where he has been chief executive for four years since resigning from the Navy which he joined as a boy. From Fleet Air Arm pilot to Fleet and Allied Commander, Channel and Eastern Atlantic was a record that fitted him for more than just showing the flag, he insists.

Vivid memories of the Victor Lownes years induced some amused scepticism. "It's not just waves and spray and yo-heave-ho in the Navy, you know," Sir John protests. Still, for a man with a wife and two children, a house in a Dulwich terrace, and who shoots and sails for his pleasure, never has a flutter, and vaguely remembers one visit to the London Playboy in the late 1960s, it is certainly a change.

Sir John makes it clear his life-style will stay the same. The aim is to give a new look to Playboy—"to create an image of straightforward management and straightforward dealing" which will "persuade the authorities that we can restore their confidence in us" as casino operators.

"I have read the charges. I have read the legal opinions. I think we have a case to present," he says. But even if it is not accepted "Playboy is here to stay in this country."

One of the reasons for paying him a guesstimated £100,000 a year—"All I can say is that I shall work very hard to justify the sum"—is that he should diversify the group's leisure activities here. Seaside Bunny Girl Butlin's? Sir John smiles tolerantly but shortly complains that he is getting hot under the glare of publicity.

Oil welcome

Lean, tanned and fresh from fishing for salmon on his private river in northern Quebec, Frederic Hamilton was in London yesterday to launch the offer for sale of shares of Hamilton Oil Great Britain, the company that brought Britain's first North Sea oil ashore from the Argyll field six years ago.

Not in the least daunted by the jaundiced view of the London market about new oil issues these days, Hamilton so convinced a group of reporters of the merits of his company that a pool on the probable share price in a year's time drew only two responses lower than the 140p offer price. Our pact of confidentiality prevents me revealing my own guess but I'm counting on winning the magnum of Dom Perignon at stake.

The UK company's new managing director Mr John Sutcliffe, tempted back into the oil fields a mere four months after retiring from a 30-year career in the industry as a managing director of BP.

"I decided that maybe 57 was a bit too young to be doing nothing," says Sutcliffe, showing some eagerness to embark on the new growth course set for him. "For 25 years, I have been involved in Middle East affairs and the successive bouts of nationalisation in that area," he says. "This will be a most refreshing change."

Nothing like the BP behemoth, for sure. So far Sutcliffe is the £70m company's only employee (all its services are provided by Hamilton Brothers of the U.S.) and, having signed up on Tuesday, he has not yet had time to find a desk.

Milestone

Less than ecstatic reviews for the Mermaid Theatre's reopening production should not detract from the achievement of Lord (Bernard) and Lady Miles. Their perseverence and pragmatism have given renewed life to a theatre they first opened in the back garden of a St John's Wood schoolhouse 30 years ago.

Ideas about the £1m facelift to the Blackfriars site have been around since before 1968 when the late Anthony Crosland granted the Mermaid Trust an office development permit provided the theatre remained in situ.

The ban on the sale of City freeholds delayed the project until professional advisers found a solution by offering the site to suitable tenants who would build the offices for their own use, renovate the theatre, and lease it back for the original peppercorn rent.

The proposal attracted the City Corporation and investment fund manager Touche, Remnant — and here we are stepping straight from the tube station into the new Mermaid.

Some £600,000 had to be found by the trustees for fitting out the theatre. But three-quarters has been collected in just over a year by appeal. The list of subscribers — the Big Four clearing banks, Shell, BP, Unilever, Standard Chartered Bank, Rio Tinto Zinc, the Cocoa Merchants Group (who have paid for all the seating) and others—are a testimony to the personal rapport which Miles has established with the City.

He looks forward now to Christmas. Not in expectation of more presents, but to a return to the stage, complete with parrot, as Long John Silver.

Grand site

Days when building workers huddled on boxes for a break and brewed their tea over a brazier are clearly past. Builders Higgs and Hill have just erected an impressive four-storey complex with all mod cons for workers on the St Martin's Le Grand site of British Telecom's new £40m offices. Rumour has it that a celebrity "topping-out" ceremony may be arranged as a competing attraction to the other big event in the St Paul's area later this month.

Stock phrase

Sign in a Hampshire village store: "If you see something that isn't on the shelves, we probably have more in the back."

Observer

ECONOMIC VIEWPOINT

Hold the pound without intervention

SOURCES, "spokesmen" and all the other curious channels by which official policy is conveyed to the British public have thrown some people off the scent by asserting—more or less correctly—that there is no official foreign exchange intervention to support sterling, merely short term smoothing operations.

Foreign exchange market intervention is not the only method of pursuing exchange policy. Indeed it is ineffective in doing anything but buy time.

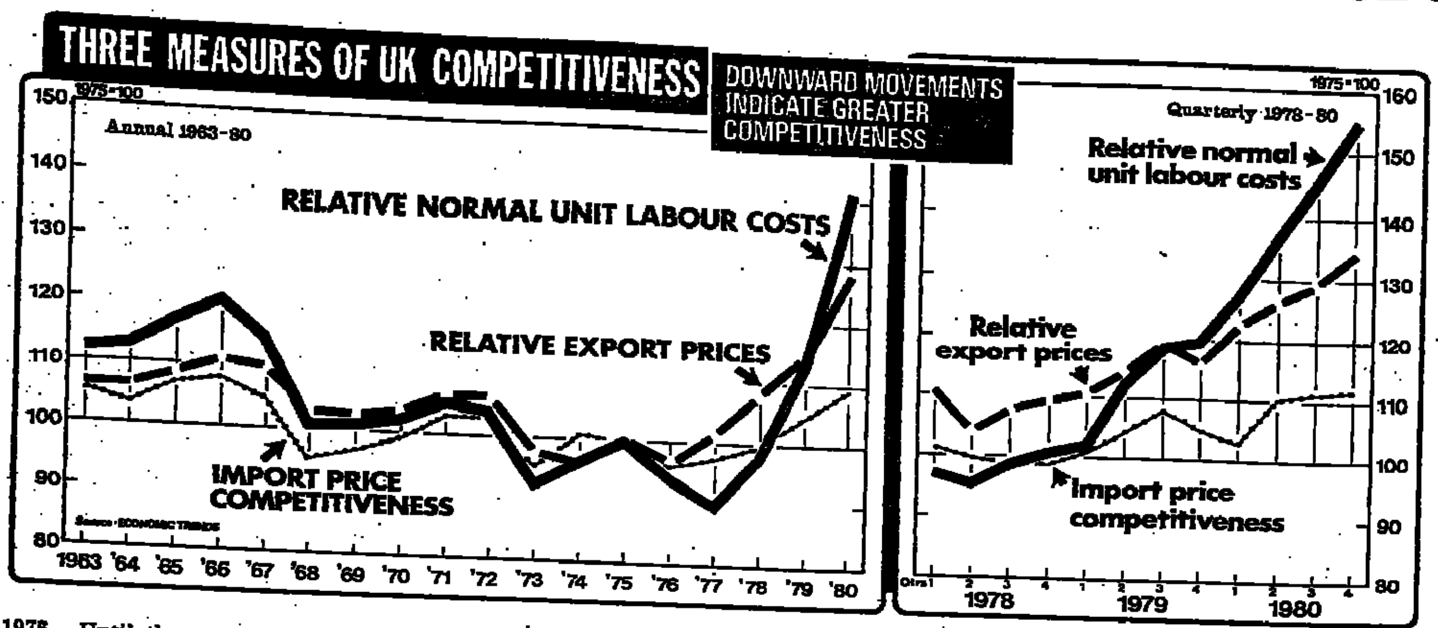
The main instrument for influencing sterling is monetary policy; and it has been wielded this week to encourage increases in interest rates.

Some of us might prefer to have "intermediate" targets for policy in terms of the money supply and to leave interest rates to market forces, as is the case in the much maligned, but ultimately wise, new American approach.

Unfortunately, however, the Treasury and Bank have still neither a way of measuring money nor a technique for controlling it in which they or the outside world can have confidence.

In the fiscal year 1980-81 numerous technical explanations—over and above the ending of the "corset"—were given to explain away the rise in sterling M3 and in most of the other broad aggregates, far above the official targets. In the four months of the new target period which began in February sterling M3 has been rising at an annual rate of 14½ per cent, again far above the official upper limit of 10 per cent. This time the Civil Service stoppages are being blamed.

One snag after another has bedevilled the money supply targets in most of the years since they were inaugurated in



Bob Hutchison

1978. Until they are put on a new basis, which can inspire some confidence, it will be necessary to put most of the weight on other indicators.

Readers will know of my own preference for talking about "total spending" or money GDP. As the small table shows, the growth of money GDP has now come down to below 10 per cent, which is compatible with both single digit inflation and a renewed growth of output.

The problem will be to keep the growth of total spending in this area. Last year the main force tending to depress both inflation and total demand came from sterling. The appreciation of the pound acted as a substitute for internal control. Several reductions were made in MLR which could not be justified—without special pleading—on internal monetary grounds, because Ministers were clearly worried that the appreciation of sterling was becoming too much of a good thing.

If sterling is "to be taken into account" in determining interest rates when it is rising, by parity of reasoning it should also be "taken into account" when sterling is falling. The decline in the pound which has already occurred has halted the fall in inflation at around the 11 to 12 per cent mark. If inflation is to fall to single figures next year, sterling must be prevented from falling further — and by domestic policy rather than by intervention.

No doubt it would be pleasant if the pound could recover against the dollar and fall against the D-Mark while remaining at or just above the present (say about 95 on the trade-weighted average). But that can only happen if the D-Mark rises against the dollar by a sufficient amount. Some recent statements on exchange rate policy have read like a call for a change in the mark-dollar rate—which is mercifully determined outside London.

Most of the current talk about raw material and oil import prices being "fixed in dollars" is highly misleading. The dollar may be the unit of account, but real prices are determined by world demand and supply.

The common fallacy is to look at the rise in the dollar without bothering to see if there are any offsetting movements in commodity prices. The upward movement of the dollar against sterling so far this year, for instance, has been nearly offset by the fall in the Economist dollar-denominated commodity price index of about 14 per cent.

My own personal forecast is that the D-mark will rise against the dollar, largely because of a fall in the U.S. interest rates. The Harris Bank of Chicago, which has almost an official status, since it provided the U.S. Treasury Under-Secretary Mr Beryl Sprinkel, expects a U.S. prime rate of 12½ per cent by the end of the year and a mark-dollar rate of 2.15. I myself would not be surprised to see single-figure, U.S. short-term interest rates by the spring.

The British Government's task, however, is not to guess about these matters but to look after the effective sterling rate, irrespective of the combination of shifts against other currencies by which it is achieved.

A further reduction in inflation is essential if anything like a medium-term financial strategy is to last. No amount of productivity improvements or "new atmosphere of realism among wage earners" is going to convince people unless the rate of inflation by 1984 is lower than when the Government came to office in 1979. That means below 8 per cent. A lower rate of inflation is the one tangible gain from the financial strategy, at a time when unemployment and growth rates have both moved the wrong way.

The strategy will be best pursued if it is remembered that sterling affects inflation in two distinct ways. The obvious way, which comes through most quickly and receives most attention, is through the cost of imports which make up a fifth to a quarter of domestic expenditure. But the more important longer-term effect is on what British producers can charge either abroad or in competition with imports at home. Pressures here are transmitted back to the labour market and to wage levels.

Indeed if the exchange rate is stable the rate of inflation is likely to settle down in the end at the rate of the UK's main international competitors. (That rate is estimated by the London Business School to be just below 10 per cent and is forecast to fall below 7 per cent next year.) An allowance for non-traded goods has not in the past made much difference to the inflation calculation.

British industry has clearly not yet adjusted fully to the long pre-1981 rise in the real exchange rate—i.e., the exchange rate adjusted for cost differences—which preceded this year's fall. Export and import price indices understate changes in competitiveness because of the need of British producers to charge what the market will bear. A less imperfect measure is provided by the IMF index of normalised labour costs, which takes into account money wages in the UK and abroad, productivity and currency movements. It shows a stupendous increase of no less than 54 per cent in relative British labour costs between 1975 and the end of 1980.

The continued existence of so many British companies shows that the index cannot be taken quite at its face value. The chart suggests that in 1975 British relative costs were somewhat below trend and a comparison with say 1965-66 would reduce the rise to about 40 per cent. Movements so far in 1981 might reduce it further to 30 per cent.

TOTAL SPENDING DECELERATES

GDP at market prices

	% increase
1977	+ 15
1978	+ 15
1979	+ 16
1980	+ 17
1980	
1st quarter*	+ 19
2nd quarter*	+ 15
3rd quarter*	+ 13½
4th quarter*	+ 12½
1981	
1st quarter*	+ 9½

*Increase over two quarters annualised

Perhaps it could be shaded down further still because of the effects of North Sea oil in crowding out normal exports. But too much should not be made of this point. For as Mr Walter Eltis has observed in a Rowe and Pitman circular, net outward overseas investment has now risen to a level which offsets most of the balance of payments effect of North Sea oil. This was one of the unstated reasons for the abolition of exchange control; it should be official policy to maintain this outflow to ensure continuing overseas income as North Sea earnings begin to dwindle.

On the most modest assumptions UK competitiveness is over 20 per cent below its likely equilibrium. The correction can come about in three ways only: further sterling depreciation, productivity growth above that of competitor countries or pay increases below theirs.

So long as depreciation is not completely matched by faster inflation there will be some restoration of competitiveness. But a large part of it will be, even in the early stages. The unsatisfactory and fragile nature of an "improvement" associated with a reacceleration of inflation surely needs no underlining.

Clearly the object of policy should be to ensure that the correction is made on the productivity and pay fronts. Competitiveness does not have to be restored overnight, as most businesses try to take a view of long term trends in their marketing and investment; but there has to be a clear and continuing movement in the right direction.

The movement has already begun, with pay increases down to 8 or 9 per cent in manufacturing—still less in some exposed cases—and signs of a new attitude to manning and working practices. But there is nothing more likely to encourage a return to bad old habits on both sides of industry than any hint that sterling depreciation would once again come to their rescue.

Approximate stability in the sterling rate—not against any particular group of currencies such as the EMS, but against the international average—is for the time being the best method of creating a realistic financial framework for business decisions.

An exchange rate oriented monetary policy can only be an aid to a particular country at a particular time. The world inflation rate cannot of course be determined by exchange rates. It is only if the key countries—which above all means the United States—are tackling the monetary roots of inflation that other countries such as Britain can use the exchange rate as a temporary proxy.

Samuel Brittan

Letters to the Editor

Index-linked stock

From Mr J. Sheldon

Sir,—Why should the consequences of an issue of index-linked stock to the general public and overseas holders be "incalculable and unacceptable" as Mr Barrow claims in Tuesday's letter?

In today's context that could only be so with a 2 per cent 25-year stock if the average rate of inflation over the next 25 years were to be 12.89 per cent per annum or more. Foreigners buying, for example, Treasury 13 per cent '04-'08 are certain to be paid 14.89 per cent over the next 25 years, which, if inflation were reduced to say 6 per cent per annum, would be just as high a cost for the nation to pay as would be the indexed stock with inflation averaging 20 per cent per annum.

To say the cost of an indexed stock is "incalculable" is to say that the Government and financial authorities will have no control over the rate of domestic inflation over the next 25 years. A major point in favour of the stock is that its presence in the market gives every Government a heavy incentive to reduce the rate of inflation, whereas the existence of 25 year 14.89 per cent stock produces exactly the opposite incentive.

Moreover who can really deny that it is absolutely more just that holders of government stock, whoever they may be, should always receive exactly 2 per cent than that they should be placed in a casino where the value of their investment could halve or double in a short time and where the yield could be astronomical or paltry depending on inflation.

The really interesting point the first stock has proved is that tax free investors like pension funds expect to achieve a real rate of return of about 3 to 4 per cent on riskier investments and are thus happy with 2 to 2½ per cent on government stock (just like their predecessors in the non-inflationary Victorian era). The government is nervous about an issue to the general public not because of what foreigners would do—being largely UK tax exempt their attitude will be the same as the pension funds—but because UK individual investors are certain to prefer a 2 per cent real return to a 14.89 per cent taxable return.

I strongly advocate, however, that the stock is made generally available. It would provide savers with a sure benchmark against which all other investments could be measured and it would end forever the inflationary confidence trick which has cheated small investors out of any return at all over at least the last 10 years. It might also reduce the cost of the stock to the Government and it would not severely reduce the inflow to other investments—especially if the Government made the indexing of capital gains tax a logical next step.

John Sheldon.
20 Stafford Place, SW1.

Cane sugar prices

From the Mauritius Minister of Agriculture and ACP Spokesman on sugar.

Sir,—Larry Klinger's article (July 2) about the EEC cane sugar prices referred to Tate and Lyle's undertaking to the African, Caribbean and Pacific suppliers that the refiners would make up the Community's offer of a 7.5 per cent increase to 8.5 per cent by way of the existing market premium arrangements. This may have led your readers to suppose that it will make no practical difference to the total price received by the suppliers whether the official guaranteed price is eventually settled at a 7.5 per cent increase (as offered by the EEC) or at 8.5 per cent (as requested by the ACP).

In fact, because of the mechanics of operating the premium sharing formula, the total price which the ACP suppliers receive — comprising official guaranteed price plus share of market premium—will be significantly more if the guaranteed price is increased by the 1 per cent requested than if it remains at the level of the EEC's offer. Thus the outcome of this year's guaranteed price negotiations does directly affect the actual price which will be received by the sugar suppliers despite the refiners' undertaking.

Moreover, the ACP are deeply concerned at the implications for future years of the EEC's present offer since, if implemented, the increase in the price of virtually all ACP sugar (which is raw) would be only 7.5 per cent over last year, whereas for virtually all EEC beet sugar (which is white) it would be 8.5 per cent. This discriminatory element raises an issue of principle on which the ACP suppliers believe they must stand firm now.

(Sir) Satcam Boolell.
Mauritius Chamber of Agriculture,
Office of the General Overseas Representative,
Glen House, Stag Place, SW1.

Nationalised industries

From Mr J. Redwood.

Sir,—The Chancellor's new initiative on nationalised industries is to be welcomed. As your leader of July 3 argued, it is important to distinguish the monopolies from competitive businesses and to adopt suitable policies towards them, just as privatisation can either entail asset sales or relaxing monopolies. In all these areas there is an impressive sense of urgency and direction coming from many government departments.

If, however, a new body is established to formalise the process of monitoring the industries and to extend the work of the Monopolies Commission on a regular and systematic basis, there should be some compensating reduction in existing controls placed on the industries. Since the mid-1960s controls have been multiplied rapidly as successive Governments have sought to deal with deep-seated industrial problems by piecemeal reactions. The result has not been better control. The only tangible consequence has been further costs and distractions for those charged with running the businesses.

A new monitoring agency could replace many of the existing requirements by a set of short and medium term objectives agreed with the industry in the light of best international or competitive practice. In the case of industries with monopoly pricing powers more attention should be devoted to real resource use per unit of output rather than simple return on capital calculations.

In the case of telecommunications the Government is to be congratulated for proceeding with a programme of deregulation. Such a programme is likely to speed the modernisation of our system, to encourage private capital and act as a spur to new product development and service innovation. In addition it may enable British Rail to use its fixed way to provide telecommunications routes.

British Telecommunications by opposing the measures does itself a disservice. With £2bn of planned investment a year, control and ownership of the whole existing communications system and with all the management and engineering skills it possesses it is difficult to believe that competition at the margin will prevent it making a decent return on capital in a market growing at around 10 per cent per annum.

John Redwood.
506, Queen's Quay,
Upper Thames Street, EC4.

Civil Service pay

From the Secretary General, Council of Civil Service Unions.

Sir,—In your leading article of June 30, you argued that our industrial action has forfeited any claim we might have for special consideration by the Megaw inquiry.

The convolutions of your supporting arguments are more than usually bemusing. As far as I can understand you are saying that because the pay agreement did not guarantee "efficiency" there was reason to doubt whether any new arrangements should cover all the civil service but should perhaps deal only with "vital services," while the rest could be left to the market. The logical connection here is an odd one — but it is clear that you are at least proposing some division between vital and other services under the future system.

There is a breathtaking inanity in this proposition. "Vital" and "non-vital" functions could only be separated with enormous difficulty. Even if it could be done, career progression and pay differentials would be a constant source of friction. The major functions of the civil service are the collection of taxes, the distribution of benefits and defence support. All of these are vital to Governments. They all deserve protection from the destructive effects of political expediency.

How the notion of "vital services" relates to that of "efficiency" you do not say. Major exercises like the current Rayner reviews are coming up with no wholesale savings—only through the reduction of functions, not by cutting out alleged areas of "fat." Inefficiences can also arise through staff shortage and turnover—and these will only be worsened by screwing down pay.

The *obiter dicta* in your leader are almost as difficult to credit as its conclusion. You make the factual mistake of asserting that the Megaw inquiry will provide a new system "from next year." Of course it will not and it has not been asked to. The treatment of 1982 is as much an issue as 1981 and one on which the Government has repeatedly refused to give the simplest of assurances—that of unfettered recourse to arbitration. Without that assurance there is every chance of another bruising encounter between Government and unions in 1982. Indeed even if everything goes well it is doubtful whether the Inquiry will be able to do its work, and the parties to complete negotiations in time for the 1983 pay settlement. All of this makes solving the current dispute of the utmost significance for the future.

You appear to condone the breaking of agreements without notice or negotiation—and this at a time when there are increasing calls from private sector managements for legally binding agreements in order to bring some stability to their bargaining.

You assert that job security, index-linked pensions and the operation of local labour markets should be among the questions to be dealt with. The facts are that both Clegg and Scott inquiries have had to admit that there is little evidence to show that civil service employment is significantly more secure than similar employment outside. Indeed, when drastic cuts in naval support staff have been announced, the cry of "job security" has a peculiarly bitter irony. Nor do you bother to deal with the conclusions of the Scott inquiry—that the remedy for the "enviable privilege" of index-linked pensions should be their extension, not their curtailment. As far as reflecting "local" labour market conditions is concerned, I used to deal with the arguments and anomalies caused by "provincial differentiation" and I can only attest the enormous relief felt by both sides when the system ended—by agreement.

We find that in the current climate the action we are taking is the only alternative.

W. L. Kendall.
19, Rochester Row, SW1.

The Lloyd's Bill

From Mr N. Parker

Sir,—Mr Moore's article "Lloyd's Bill immunity clause still opposed" (July 6) correctly states that the clause has been narrowed in scope. As petitioner against the Bill, however, I should like to point out that its scope has been narrowed merely by excluding irrelevant matter.

The fact that restraint in suit applies only where action is taken in good faith is of little comfort to any name who does not suspect the honesty of his chairman and committee. Personally, I have tremendous respect for Mr Green and his committee albeit, momentarily, from the other side of the fence. I certainly do not regard them, their predecessors or likely successors capable of acting in bad faith. But, being human, they are capable of making mistakes in good faith with potentially very damaging consequences. As the likely nature of these damages would be financial, so should be the recompense. The only appropriate protection for members of Lloyd's is therefore the preservation of the fundamental right under English law to sue for damages resulting from negligent actions or decisions made in good faith.

The matter of Lloyd's insuring against the risk of suit should not be dismissed so lightly, particularly in view of Mr Posgate's testimony before the Commons opposed committee.

N. Parker.
56 Curzon Street, W1.

Today's Events

UK: Mr Habib Chatti, Islamic Conference secretary-general, discusses Afghanistan proposals with Lord Carrington, Foreign Secretary, London.

GENERAL

The Queen opens Treasures in Trust exhibition, Royal Scottish Museum, Edinburgh.

Prince Charles visits the Industrial and Commercial Finance Corporation, Edinburgh; opens the Pitlochry Festival Theatre.

Sir Ronald Gardner-Thorpe, Lord Mayor of London, receives Mrs Eileen Anderson, Mayor of Honolulu, at the Mansion House.

Clocks for Everyman exhibition opens, Kensington New Town Hall, W8 (until July 12).

Overseas: European Parliament in session, Strasbourg — Mr Christopher Tugendhat, EEC Financial Control Commissioner, presents statement on the Budget.

PARLIAMENTARY BUSINESS

House of Commons: Supply day debate on Army, Supreme Court Bill (Lords), remaining stages.

House of Lords: Iron and Steel Bill, third reading. N.I. Act 1974 (Interim Period Extension) Order. N.I. (Emergency Provisions) Act 1978 (Continuance) Order. Merseyside D.C. (Vesting) Order. Atomic Energy (miscellaneous provisions) Bill, committee. Aviation Security Fund (Third Amendment) Regulations.

OFFICIAL STATISTICS

Central Government transactions (including borrowing requirement) for June.

COMPANY MEETINGS

Atkins Brothers (Hosiery), The Old Cottages, Lower Bond Street, Hinckley, 12. Barlows, 16, Chepstow Street, Manchester, 12. Charles Clifford Inds., Dogpool Lane, Stirchley, Birmingham, 12.15. Doranakande Rubber Estates, 1, Great Tower Street, EC, 12. Norman Hay, Excelsior Hotel, Heathrow Airport, 11. Helical Bar, St Ermin's Hotel SW, 2.30. Rowlinson Constructions, London Road South, Paynton, Stockport, 12. Southend Stadium, Southend-on-Sea, 11.30. Third Mile Inv., 58, Mark Lane, EC, 12. Weeks Associates, Royal Station Hotel, North Humberside, 12.

COMPANY RESULTS

Final dividends: Batleys of Yorkshire. Braithwaite and Co. Engineers. British Building and Engineering Appliances. Greene King and Sons. Montague L. Meyer. Mitchell Somers. A. Monk. Oil and Associated Investment Trust.

Bulmer profits up 38% with good second half

A SECOND-HALF boost from £967,000 to £1.82m has lifted the taxable surplus of H. P. Bulmer Holdings, cider manufacturer, wine and spirits wholesaler, to a record £4.51m for the year ended April 24 1981, against £3.28m, a rise of 38 per cent. Sales expanded by 15 per cent from £49.52m to £56.86m.

Mr Peter Prior, chairman, says there is good evidence to indicate that the company is soundly poised for further progress in the current year.

"We have established our ability to cope with the problems of recession as well as to enjoy the benefits during periods of sales expansion."

Since the start of the 1981-82 year there has been no upturn in UK cider sales, but if conditions improve and business picks up, "the benefits to our profits should be more than proportional," he states.

At the interim stage, with the pre-tax surplus ahead from £2.31m to £2.69m, the directors said they were hopeful that second-half profits would not be less than those of the comparative period last year.

A divisional analysis of turnover and trading profits—£7.5m (£5.25m)—shows: cider £43.91m (39.56m) and £6.25m (£4.27m); pectin £5.86m (£5.43m) and £758,000 (£553,000); wines, spirits and other drinks £7.09m (£4.53m) and £415,000 (£393,000); property profits £77,000 (£36,000).

Mr Prior explains that although there was some recovery in cider sales volumes in the second six months, total volume was lower for the full year, but margins were improved through increased efficiency.

Interest charge amounted to £2.28m (£2.03m) and the pre-tax figure was after an exceptional debit of £490,000 (£232,000 credit) and employees' deferred profit sharing plan which took £218,000 (£172,000).

After tax of £709,000 (£604,000) and an extraordinary credit of £28,000 last time, the attributable balance came through at £3.8m (£2.7m).

Earnings per 25p share are 35.39p (24.56p) and the dividend is stepped up to 9.38p (8.54p) net with a final of 4.06p.

Group borrowings were £1.3m down at £6.8m at the year end, giving a ratio to shareholders' funds of 21 per cent (33 per cent). Capital expenditure was unchanged at £3.5m, but the group plans to invest over £4m in the current year.

A CCA adjustment reduces pre-tax profits to £3.67m (£2.42m).

HIGHLIGHTS

Lex looks at the tender result for the second index-linked gilt-edged issue where the Bank of England priced the cut-off at £86, offering a real yield of nearly 3 per cent and resulting in a general fall in financial markets. Letraset was subject to a dawn raid yesterday morning and then advertising group Mills and Allen revealed itself as a £47m bidder for the group. Lex also looks at the difficulties facing the BP rights issue underwriters, especially those taking on the slice of the Government's allotment. Finally Lex takes a brief look at the French Premier's presentation of his programme including nationalisation proposals. The full prospectus is published this morning for the Hamilton Bros. offer, while dealings started in the shares of Memec yesterday, with a premium over the 140p offer price of more than 60p.

• comment

H. P. Bulmer shares broke new ground for the year yesterday with a 21p rise to 237p. The basis was the 88 per cent second half pre-tax profits increase on the dull second half of the previous year which has helped push annual profits ahead by 38 per cent. In the light of the 5 per cent or so volume downturn, the group makes it fairly clear that it has only clawed growth from increased profitability. Profits should respond quickly when demand picks up, but Bulmer is the first to recognise that the challenge cider had been presenting to beer sales was seriously weakened by past excise changes and one of its key responses has been the development of additional businesses. Hence Pectin, which grew strongly last year but whose proportionate contribution to total trading profits slipped from 10.5 per cent to 10.1 per cent. Its wholesale drinks distribution operation was rather more flat—difficulties with Philip Morris' 7-Up testify to the weakness of the soft drinks market—and its percentage contribution dropped a couple of points to 5.5 per cent. A yield of 5.6 per cent and a fully taxed p/e of 10.6 look reasonable enough for the moment but the long term must be influenced by the success of the two extra arms Bulmer is attempting to grow.

Hollas advances to £2.1m

DESPITE POOR trading conditions taxable profits of the Hollas Group rose to a record £2.12m in the year to end-March, 1981, compared with £2.02m previously. Turnover was also well ahead, rising from £27.4m to £35.8m—an increase of 31 per cent.

At midyear pre-tax profits were £94,000 higher at £856,000.

For the current year Mr. A. R. Lawson, the chairman, says trading margins continue to be under great pressure and trade remains poor. However, despite these uncertainties he says the excellence of the group's services enables him to feel confident in the group's ability to improve upon its performance once again.

Stated earnings per share for the year advanced to 19p (17.9p) and a same-again final dividend of 4p maintains the net total at 6p per 5p share.

Tax took £232,000 (£589,000) and after extraordinary debits of £376,000 (£254,000), goodwill written off £352,000 (nil), minorities £4,000 (£7,000) and dividend payments of £702,000 (£555,000) the retained balance emerged at £451,000 (£619,000).

The principal activities of the group are the processing and merchanting of yarns and fibres, the manufacture of woven labels and decorative ribbons and importing and distributing made-up garments.

• comment

The Hollas group's directors have been fast on their feet. Last year's acquisition of Thrells, the household textiles group, has helped nudge profits forward this time. Hollas has also disposed of three of its UK yarn and fibre loss-makers, resulting in an extraordinary debit of £728,000, but slimming down the group to a more profitable shape. Thrells and Fortwell, which imports and distributes clothes from the Far East, should account for some 90 per cent of turnover this year. Trading conditions generally in these areas remain poor, but the company is predicting a further improvement in profits growth this year, backing up the fully-taxed earning ratio of 12.5. In a further measure of optimism, the group recently picked up a shell company with £2m in liquid assets and turned around to buy a larger headquarters and more warehouse space for £1m. The shares, at 104p, yield 8.7 per cent.

Flachglas group's role in Pilkington's future

Flachglas, the West German group acquired by Pilkington Brothers in June last year, will contribute materially to earnings in the future, despite the fact that the German economy is less buoyant than a year ago, Mr Antony Pilkington, chairman, tells shareholders in his annual statement.

Flachglas contributed seven months' profits to Pilkington's pre-tax surplus for the year to March 31—which, as reported on June 13, fell from £91.4m to £81m—and helped hoist overseas trading profits from £24.9m to £60.3m. The group's UK operations plunged to a trading loss of £12.1m, compared with a profit of £24.1m.

The German group produced record sales and profits to its year end of December 31 1980, but was forced by reduced activity in the motor and construction industries to introduce short time working in the final quarter.

In the UK, the group made three major closures during the year: the Triplex Larkhall factory, Chance Brothers glass tubing works; and the last remaining UK sheet glass plant.

A new £75m float plant at St Helens has been commissioned and is now in production, as is a £30m multi-purpose plant making glass fibre roof, pipe and insulation products.

Conditions in the UK remain extremely difficult, and Mr Pilkington repeats his warning that no improvement is expected until at least the second half of the current year. A good performance is forecast for overseas operations, however.

The chairman said yesterday he does not expect the group to make another £12m loss in the UK this year, but it will continue to make losses until demand picks up.

Float glass operations are currently working at 70 per cent capacity, while the fibres division is running at only 50 per cent capacity.

Capital spending is expected to drop this year, and Mr Pilkington warns there will be further redundancies in the UK.

Group shareholders' funds at the year end were up from £581.9m to £736.1m. Fixed assets amounted to £852m (£455.3m) and net current assets £170.3m (£227.6m). Bank overdrafts increased from £35.8m to £69.2m and cash balances fell to £39.7m (£82.7m).

Meeting, St Helens, September 4 at 2.30 pm.

English Association settles U.S. dispute

The English Association Trust and a number of its shareholders and clients have settled a legal dispute with U.S. Industries, a broadly based New York conglomerate, by agreeing not to hold or buy any U.S. Industries stock for five years, and not to finance the purchase of the stock by others.

The settlement follows a suit filed by U.S. Industries in March alleging that Clabir Corporation, a Connecticut finance company associated wiah English Association and others, was trying to manipulate its stock as part of a scheme to talk up the share price and then sell it at a profit. At the time, the defendants owned about 7.66 per cent of U.S. Industries.

They included Mr Ralph Ehrmann, chairman of Airfix Industries, Mr A. C. Parsons, chairman of EAT, Mr A. E. Clatworthy, chairman of E. D. and F. Man, a London commodity merchant which owns 36 per cent of EAT, and Mr Henry Clarke, chief executive of Clabir.

The defendants who settled have sold their U.S. Industries stock to Clabir. U.S. Industries said yesterday that it was still proceeding with its claims against Clabir, Mr Clarke and Mr Ehrmann.

SPAIN

July 8	Price	+ or −
Banco Bilbao	325.0	
Banco Central	360.0	
Banco Exterior	350.0	+4.0
Banco Hispano	301.0	
Banco Ind. Cat.	122.0	
Banco Santander	380.0	+5.0
Banco Urquijo	223.0	
Banco Vizcaya	352.0	+2.0
Banco Zaragoza	238.0	
Dragados	220.0	+8.0
Espanola Zinc	55.0	
Fecsa	69.5	
Gal. Preciados	53.0	−1.0
Hidrola	76.5	
Iberduero	60.2	−1.0
Petroleos	127.0	−5.0
Petroliber	96.0	
Sogefisa	59.0	
Telefonica	79.2	+0.2
Union Elect.	72.7	+1.0

Homfray cuts midway loss to £1.5m: sees recovery

LOSSES of Homfray and Co., Yorkshire-based carpet manufacturer, were reduced from £2.77m to £1.51m in the half year to March 28, 1981, and Mr. H. R. Sykes, the new chairman, says the group is approaching break-even levels of trading.

He expects the full benefit of major economies, including halving the workforce, the sale of assets and the concentration of production at only two sites, to be achieved in the next financial year. For the whole of 1979/80, the group turned in a pre-tax loss of £4.27m.

The first-half trading result was worse than expected, says Mr Sykes, because of three factors: the low level of both sales volume and prices; continuing production difficulties with a rotary printer at Batley; and excessive wage and overhead costs in relation to output.

Group sales slipped from £14.78m to £13.58m. The pre-tax deficit comprised losses of £1.6m (£2.82m) from the UK including Europe and increased profits of £82,000 (£47,000) from Australia. The chairman expects the Australian operation to continue to trade profitably.

The loss was also struck after charges for depreciation of £557,000 (£564,000) and interest, £594,000 (£627,000).

There is again no tax charge and after extraordinary debits of £271,000 (£252,000), including an exchange gain of £300,000 (£263,000 loss) and redundancy and reorganisation costs of £571,000 (£143,000), the attributable loss emerged at £1.79m (£3.02m), or 9.8p (17.9p) per 25p share.

The interim dividend is again omitted: the last distribution was a single payment of 1p net for 1978-79.

The group is in the process of reducing its workforce to about half the level of October last year, states Mr Sykes. Production is now concentrated at Batley and Willington; the unprofitable German subsidiary has been closed and the 60-acre Birstall site is up for sale.

This site, and other non-essential assets including excess stock and materials which together have a book value of £5m, will when disposed of reduce the group's bank borrowings substantially, says the chairman.

The economies made, together with capital expenditure of some £2m over the past two years, will make the group's costs among the lowest, and its sales per employee among the highest, in the UK carpet industry, he adds.

To restore profitability in the UK, the group is concentrating on higher quality products where, despite market conditions, it is still possible to achieve selling prices which give some reward for productive effort, Mr Sykes states.

• comment

Homfray is making a brave attempt to improve its position in the war zone known at the British carpet industry. Although heavy losses of £6m at the attributable level have knocked a third off the group's net worth over the past 18 months, the fight continues. Homfray sacked 200 workers in the first six months of this year and by mid-August will have lowered its workforce from last year's 720 to just 350. The Birstall plant has been closed and its costs are to be offset by a revaluation of Australian assets on the basis of currency movements. The German business has been closed and at home the production problems at Batley appear to have been vanquished. Meanwhile, Homfray plans to sell off excess stocks and properties over the next year or two; the aim is an intake of £2m this year to reduce current group borrowings of £6.5m, a 56 per cent gearing level. Losses for the current year will probably come out just above £2m at the pre-tax level; bad enough, but still half the level of last year's losses. The company might be able to nudge its way into the black in 1982, but perhaps not until the latter half of the year.

C. E. Heath better first quarter

Management accounts of C. E. Heath Group, the insurance broker with large Lloyd's interests, for the first quarter of the current year indicated a reasonable improvement in brokerage income, Mr Frank Holland, chairman, told shareholders at the annual meeting.

Although there were signs that the rates in aviation and marine markets were hardening, in the non-marine field the fierce competition, particularly in North America, continued unabated, he warned.

"Whilst I am unable to predict the final income for this year, provided sterling remains around present levels and we can contain inflation, and the rate cutting that is going on in the non-marine field abates, we would expect an improvement in our profits for 1981-82."

Mr Holland dealt in detail with the problems surrounding the Lloyd's Bill of Parliament, and the requirements of a Commons committee calling for divestment of underwriting interests from broking groups, and the divorce of managing agency companies from member agency work at Lloyd's.

He said that the group's underwriting company had been asked to include, with its letter to the 450 Lloyd's members whose affairs Heath directly manage, a statement from the parent company.

This said that the C. E. Heath and Company board "which effectively owns the equity shareholding of C. E. Heath and Company (Underwriting) does not consider that the joint isues of divestment by brokers of Lloyd's managing agencies and the divorce of Lloyd's managing agencies from members agencies have yet been properly aired.

"They are particularly concerned that the best interests of all those involved in the Lloyd's community should be served by any new act of Parliament."

He said that if the group was forced to divest itself of the ownership of its Lloyd's underwriting agency "we do not expect it to have a material effect on the profitability of your company."

He told shareholders that the central issue of the Lloyd's Bill "is one of discipline in the Lloyd's market," and added that divestment would not provide a solution for the following reasons:

- Lloyd's has evolved as a market in which both brokers and underwriters have shared in its development and government.
- Under the present arrangements Lloyd's brokers have a stake in the success and profitability of Lloyd's underwriting syndicates and a concern in the reputation and traditions of the market as a whole.

"The underwriting syndicates benefit from this interest and the flow of good business to them from the major broking houses. Divestment is likely to impair the mutual confidence which has been built up in this way and it is the syndicates that are likely to be the major sufferers."

- No clear indication has yet been given as to how divestment would be achieved. If the brokers are declared ineligible to hold shares in underwriting syndicates then so would many of the other financial institutions in the City.

"Who then would step in to buy these underwriting agencies? It must be regarded as a strong possibility that some of the new owners would come from totally outside the insurance industry and what would be their motives?"

No attempt has been made to quantify the cost of divestment. Divestment would automatically require the establishment of independent administration systems which would mean that the underwriting expenses of individual members are likely to increase.

"I deplore the haste with which this matter is being rushed through. It might therefore be no bad thing to shelve the Bill for the moment."

SHARE STAKES

Scotcros—Edinburgh Investment Trust has purchased 162,110 shares and now hold 887,610 (12.686 per cent).

Triplevest — Merchant Navy Officers Pension Fund is the beneficial owner of 1,513,500 £1 capital shares (25.22 per cent).

United City Merchants—Arab Asian Group of Bahrain has acquired 50,000 ord shares at 39p.

Winston Estates—AC Developments Northern disposed of £86,593 (25p shares)—5.87 per cent. ACDN no longer has an interest in the company.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo-American Ses. int.	1.5	Aug 24	1.3	—	4.75
Assoc. Fish ....int.	0.25	Aug 24	0.25	—	1
John Booth	1	Aug 24	1	1	1
H. P. Bulmer	4.06	Sept 7	3.22	9.38	8.54
Fashion & Gen. Inv. int.	8	Sept 14	—	—	—
Hollas Group	4	Oct 1	4	6	6
M. & G. Dual ....int.	9.05	—	8.5	—	18.35
Oakwood Group ......int.	2	Aug 21	—	—	4.5
Radiant Metal	2	Sept 12	2	3	3
Routledge & Kegan	3	Oct 2	3.2	3	4.7
John Waddington	3.5	Oct 1	6.68	6	11.9

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$400	—	—	10	38 A	3	48	$398.50
GOLD C	$425	1	7	3	23	3	36	"
GOLD C	$450	—	—	31	15	4	29.50 A	"
GOLD C	$475	53	2	—	—	—	—	"
GOLD C	$500	15	1	28	6	4	15	"
GOLD C	$525	—	—	6	5	—	—	"
GOLD C	$550	3	0.50	25	3	—	—	"
GOLD P	$400	11	18	5	23	10	27.50	"
GOLD P	$425	26	30	40	36	3	37.50	"
GOLD P	$450	—	—	16	51 B	1	51 B	"
GOLD P	$475	—	—	—	—	6	77	"
		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	
ABN C	F.300	22	3.50	—	—	—	—	F.301
AKZO C	F.17.50	15	8.30 A	—	—	—	—	F.25.50
AKZO C	F.20	13	5.90 A	—	—	—	—	"
AKZO C	F.22.50	120	3.20	—	—	—	—	"
AKZO C	F.25	269	0.90	75	2.30	—	—	"
AKZO C	F.27.50	—	—	125	1.40	94	2	"
AKZO P	F.25	10	0.30	—	—	28	1.60	"
AMRO C	F.55	50	0.20	—	—	—	—	F.53
HEIN C	F.50	—	—	58	3.20	—	—	F.48.30
HEIN C	F.55	—	—	—	—	10	2.30	"
HEIN P	F.50	46	1.70 B	—	—	—	—	"
HEIN P	F.55	—	—	—	—	80	7.50	"
HOOG C	F.20	—	—	21	0.60	20	1.10	F.16.90
KLM C	F.80	10	25 B	—	—	—	—	F105
KLM C	F.100	213	8 B	21	15	—	—	"
KLM C	F.110	334	3.20	95	11.50	50	16	"
KLM C	F.120	519	1.80	189	7	37	11.50 B	"
KLM C	F.130	263	0.30	85	5	—	—	"
KLM C	F.140	—	—	44	3	73	5.30	"
KLM C	F.150	—	—	30	2	15	4.10	"
KLM P	F.80	10	0.20	33	1.80	—	—	"
KLM P	F.90	121	0.40	22	3	—	—	"
KLM P	F.100	743	2.10	146	5	—	—	"
KLM P	F.110	490	7.50	205	10	58	14 A	"
KLM P	F.120	131	17.50 A	33	17.50 B	—	—	"
KLM P	F.130	53	27	—	—	27	28	"
KLM P	F.140	21	37 A	—	—	—	—	"
PHIL C	F.17.50	19	5.40 B	—	—	—	—	F.23
PHIL C	F.20	13	3	251	4	112	5	"
PHIL C	F.22.50	222	0.70	546	2	34	3	"
PHIL C	F.25	100	0.10	406	1	111	1.90	"
PHIL C	F.27.50	—	—	340	0.50	176	1	"
PHIL P	F.22.50	—	—	246	0.80	201	1.20	"
PHIL P	F.25	20	2.20	30	2.20	14	2.50 B	"
RD C	F.80	62	5.30	—	—	—	—	F.84.50
RD C	F.90	46	0.30 A	89	3.10	17	4.70	"
RD C	F.100	—	—	56	1	—	—	"
RD P	F.90	14	6	—	—	—	—	"
RD P	F.100	—	—	—	—	15	18	"

TOTAL VOLUME IN CONTRACTS 8465
A=Asked B=Bid C=Call P=Put

Oakwood higher at midterm

PRE-TAX PROFITS of Oakwood Group, engineer and distributor of sanitaryware, edged ahead from £313,000 to £367,000 in the half year to March 31 1981 on turnover higher at £4.9m, compared with £4.44m.

Stated earnings per share based on 2m shares issued (1980 1.63m) were 10.6p (11.1p). An interim dividend of 2p net has been declared—for the year to end-September 1980 a single payment of 4.5p was paid from taxable profits of £718,000.

The directors say the group experienced difficult trading conditions in its wholesale distribution activities and warn that these seem likely to continue in the present economic recession. Civil and electrical engineering profits held up well.

Tax for the six months took £128,000 (£78,000) higher at £213,000 (£182,000).

At September 30 1980 there was a provision for utilised stock appreciation relief of £327,000. This may be realised under impending tax legislation to become part of shareholders' funds at September 30 1981.

Peek applies for list readmission

Peek Holdings, the grains handling and storage company which was placed in receivership at the end of 1976, has applied for readmission of its capital to the Official List.

The Court of Session in Scotland still has to approve the proposed capital reduction which, the company said it intends to reflect the reorganised operations and asset base.

An EGM has been called for July 30 to approve the application for relisting later this year.

The company, originally Consolidated Commercial, before Rubislaw Investment Trust was reversed into it, is to come to the market as the holding concern for its profitable subsidiaries Liverpool Grain and Storage and Alexandra Silos.

The two companies were taken out of receivership in the first quarter of 1977, and have been operating successfully since then.

Peek is also the subject of a Department of Trade report into its affairs, before the acquisition by Rubislaw. The Department said yesterday that the report had not yet been completed.

LONDON TRADED OPTIONS

July 7 Total Contracts 2020 Calls 1697 Puts 323

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	300	4	21	20	974	30	5	286p
BP (c)	320	1½	—	10	23	20	36	"
BP (c)	350	¼	—	5	—	10	7	"
BP (c)	380	¼	—	3	—	6	35	"
BP (p)	300	20	30	24	123	28	116	284p
BP (p)	320	36	—	36	2	38	—	"
CU (c)	160	22	21	29	31	32	—	178p
CU (c)	180	8	17	17	110	21	3	"
Cons. Gld (c)	420	17	21	40	1	52	1	433p
Cons. Gld (c)	460	4	—	21	—	33	1	"
Court'lds (c)	60	4	45	9½	—	15	—	64p
Court'lds (c)	70	⅝	—	5½	—	9	5	"
Court'lds (c)	80	½	—	2	—	4½	12	"
GEC (c)	600	155	1	150	1	—	—	728p
GEC (c)	700	35	13	65	—	92	—	"
GEC (c)	750	7	5	35	1	60	—	"
Gr'd Met. (c)	180	28	10	34	—	42	—	207p
Gr'd Met. (c)	200	8½	21	18	1	28	—	"
Gr'd Met. (c)	220	1	—	10	—	17	1	"
ICI (c)	240	30	1	40	—	—	—	266p
ICI (c)	260	14	—	26	2	36	—	"
ICI (c)	280	3	—	18	11	24	—	"
ICI (c)	300	1	—	9	6	17	6	"
ICI (c)	330	½	—	3	—	9	12	"
Land Sec. (c)	420	2	1	16	2	26	—	396p
Mks & Sp (c)	120	4½	25	14½	—	19	—	125p
Mks & Sp (c)	140	½	10	5½	—	8½	4	"
Shell (c)	330	16	2	32	—	48	—	338p
Shell (c)	360	3	—	16	5	30	31	"
Shell (c)	330	6	54	20	—	22	—	"
		August		November		February		
Barclays (c)	460	6	—	18	2	30	—	435p
Imperial (c)	60	10½	3	12	—	—	—	68p
Imperial (c)	70	3	15	5	—	8	2	"
Lasmo (c)	500	42	5	70	—	92	—	519p
Lasmo (c)	600	8	—	25	—	45	2	"
Lasmo (c)	650	2	5	14	—	—	—	"
Lonrho (c)	90	5½	50	9½	—	12½	25	91p
Lonrho (c)	100	1½	—	5	—	8	3	"
P & O (c)	140	1	—	3½	—	6½	10	123p
Racal (c)	390	26	—	45	15	61	—	415p
Racal (c)	420	10	2	28	—	39	—	"
Racal (p)	420	18	3	26	2	27	5	"
RTZ (c)	460	70	—	87	2	107	—	513p
RTZ (c)	550	10	5	38	—	50	9	"

C=Call P=Put

BIDS AND DEALS

Cooper Inds. builds up its F. H. Lloyd holding

BY RAY MAUGHAN

F. H. LLOYD, the steel re-roller and engineering group which is investing heavily in new mini-mill capacity, announced the resignation yesterday of chief executive, Mr Frank Clymer, who had been with the group for over 40 years. A "generous settlement" has apparently been arranged.

The surprise announcement comes at a time when Cooper Industries has been increasing its stake in Lloyd. It now holds 7.48 per cent of the shares.

The accounts released yesterday say there has been a "review of the management structure as a result of which new executive divisional responsibilities have been allocated."

It had been known for some time that the chairman, Mr R. H. Foster, had been considering retirement and it has now been decided that following the annual meeting on July 30, Mr Ronald Middleton will take his place in a non-executive capacity. A practising lawyer with City solicitors, Coward, Chance, Mr Middleton has been on the F. H. Lloyd board for some time and also hold directorships with APV Holdings, Babcock International, J. H. Sankey and Morgan Crucible.

So far, however, there is no successor to Mr Clymer. It is intended "to find a replacement as soon as practicable."

Two recent boardroom changes have comprised the appointment of Mr John Cooper and Mr Derek Jones as representatives of Cooper Industries. Cooper and Lloyd have been linked for several years with a joint holding of what is now known as the Lloyds (Dudley) mini-mill.

Cooper sold its 50 per cent interest in the mini-mill for £2m to Lloyd last December and almost immediately re-invested a substantial proportion of the proceeds in an equity stake in Lloyd. That holding has been progressively built up this year.

F. H. Lloyd is now completing the final commissioning and validation stages of the new mini-mill at Wednesbury. It hopes that the new plant will bring substantial cost savings from which to launch an attack on imported steel billets. It is also hoping that, in conjunction with the Sheffield-based design consultancy, Hillé, it will win construction orders from third-party customers.

Mr Clymer has been identified as one of the prime movers in this project. He is a member and past chairman of the Steel Casting Research and Trade Association and has been one of the two industry representatives at Nedo.

Tricoville says offer talks near completion

Negotiations on an offer for Tricoville, the fashion wear designer and manufacturer, are "close to completion," Mr Edward Kessly, the managing director, said yesterday.

However, he added that he was not in a position to comment on the identity of the bidder, but an announcement should be available either on Friday or Monday of next week.

Tricoville shares were suspended on the Stock Exchange on Tuesday at 84.5p, capitalising the company at £3.4m.

Group pre-tax profits at the half-way stage on January 19 were unchanged at £504,000, and Mr Kessly said that the forecast that profits for the full year would exceed last year's, still stood.

Pre-tax surplus for 1979-80 were £913,000 (£892,000).

Mr Kessly stated that discussions with the Receiver on deferred tax arising from stock relief were also coming to an end, and the company did not expect to incur any penalties.

Any costs arising out of the discussions were expected to be small and were not hindering the current negotiations, he added.

Mr. Kessly has a 30 per cent stake in Tricoville and Mr David Jacobs, the chairman, and his family control a further 15.7 per cent. Other directors control a total of 2.7 per cent—there are no other shareholders with more than 5 per cent.

SMITH BULMER

The offers by Parkland Textile to acquire the outstanding 4.2 per cent and the 7 per cent preference shares of Smith Bulmer have been accepted as to 509,035 of the 4.2 per cent stock and 55,950 of the 7 per cent stock (representing 93.2 per cent and 82.7 per cent respectively).

Parkland now owns or has received acceptances in respect of 93.8 per cent of the 4.2 per cent stock and 94.2 per cent of the 7 per cent stock. The offers have been extended until July 28.

Vickers buys rest of Miller Hydro

Vickers, the engineering group, has acquired the outstanding capital stock of Miller Hydro Company, of the U.S., for $3.53m (£1.86m) in cash.

Miller Hydro's principal activity is the design, manufacture and distribution of bottle washers and case packers for the soft drinks bottling and packaging industries.

The acquisition represents a significant expansion by Vickers of its bottling machinery interests which are presently conducted by the Vickers-Dawson division, Britain's largest manufacturer of bottling plant for the brewery, dairy and soft drinks industries.

Miller Hydro was acquired from the Nussbaum family who started the company in Bainbridge, Georgia, in 1913.

Vickers-Dawson was formed in 1973 when Vickers acquired Dawson and Barfos Manufacturing and combined it with its bottling plant division. It has sites at Crayford, Kent; Gomersal, West Yorkshire; and Thetford, Norfolk.

LOW & BONAR DISPOSAL

Low & Bonar PLC, which operates internationally in packaging, engineering, textiles and travel, has sold two of its textile manufacturing subsidiaries, Wemyss Weavecraft and G. & J. Johnston (Wemyss), to a company formed by members of the management of the two textile companies — which manufacture furnishing fabrics.

The companies will continue to trade as before and no change in the level of employment is contemplated.

E. H. ROBERTS BUYS RUSSLITE

The block-making assets of Russlite, formerly a wholly owned subsidiary of Alexander Russell Group, have been acquired by E. H. Roberts & Company (Southend).

The acquisition of Russlite is E. H. Roberts' first move into manufacturing. The groups' other activities include mechanical engineering, services to oil refineries, plant hire, Penent portable accommodation, a retail petrol outlet in East Anglia and the "Duck Inn" on the outskirts of Chelmsford which is a recent group acquisition.

Collins: Panel to meet

A MEETING of the full Takeover Panel is to be held today to decide whether the sale of a 34 per cent stake in William Collins, the Glasgow publisher, by Mr Robert Maxwell's Pergamon Press to News International was connected with other deals between Pergamon and News.

The executive of the Panel ruled last week that there was no link, but Schroder Wagg, Collins' advisers, decided to appeal to the full Panel.

News, whose revised £25m bid is being strongly contested by Collins, yesterday revealed that it had purchased more Collins shares. It has acquired 5,278 ordinary voting and 21,000 "A" non-voting shares at the bid prices of 225p and 163p respectively. This lifts News holdings of each class to 42.2 per cent and 7.9 per cent. On the London Stock Exchange yesterday the price of the ordinary fell by 2p to 228p while the "A" shares were unchanged at 160p.

ICC OIL

Smith Keen Cutler announces that pursuant to its offer to acquire 1,260,880 ordinary shares in ICC Oil Services being all the shares of ICC other than those held by the former shareholders of Industrial Chemical Cleaners (Hull), Collinsons Waterboat Co. and Matchcrown, acceptances have been received in respect of a total of 1,000 shares.

The offeror held a total of 16.8m ordinary shares prior to the offer (76.3 per cent).

Smith Keen Cutler has placed those shares for which acceptances were received with investment clients.

NO PROBES

The following proposed mergers are not to be referred to the Monopolies Commission:

Charter Consolidated and Beralt Tin and Wolfram; 600 Group and minority interest in F. Pratt Engineering; London Trust and minority interest in Barrow Hepburn; Jones Stroud (Holdings) and minority interest in Fothergill and Harvey; Hanson Trust and G. H. Downing; and Steetley and Downing.

CHLORIDE GROUP

Discussions between Chloride Group and Haggie regarding proposals for the future of Chloride SA are continuing satisfactorily and an announcement of the terms of proposals is expected to be made on July 13.

It is therefore anticipated that the listing of the shares of Chloride SA will be reinstated from the commencement of trading on July 13.

● NEWS ANALYSIS: MILLS & ALLEN BID FOR LETRASET

Led astray by the textbook

BY CHRISTINE MOIR

FOR SIX YEARS until last year Letraset's profits went striding ahead as its instant lettering invention became the commercial artist's replacement for the brush and pen. From £1.9m in the 12 months to April 1974, pre-tax profits rose gratifyingly each year to hit £12.1m by April last year.

Along the line the group read its text books. It was a one-product company and the product was entering its "mature" phase—there seemed to be few new markets or customers to win. In addition, its patents were coming to an end and down the road new technologies threatened to make dry transfer lettering as obsolete as Letraset had made free hand lettering.

The books laid down the proper procedure. Use the cash-flow generated by the product to diversify. And Letraset did. In October 1979 it raised £19m by a rights issue and went out and bought Stanley Gibbons, one of the world's leading stamp and collectibles dealers.

It also diversified into toys and children's hobbies, by buying two smaller companies.

The honeymoon was shortlived. The first signs of problems came last July when the board, chaired by Mr Bill Fieldhouse, was strengthened.

By September Mr Fieldhouse was warning that things were going badly wrong and profits would be hit by problems at Stanley Gibbons. More boardroom changes took place, and retrenchment became the order of the day.

By the beginning of this year the damage began to show through. Half yearly profits slid 44 per cent to £3.49m. Gibbons lost £246,000 at the trading level and closures—including its new auction operation in New York—are going to cost as much as £5m in the second half.

The toy businesses were also sold and Mr Fieldhouse took the opportunity of telling shareholders that though the interim dividend had been maintained the board had made no decision about the final.

The bad news alerted Mills and Allen International, itself no stranger to calamities. Mills and Allen is the reincarnation of J. H. Vavasseur, one of the more highly publicised victims of the 1974 secondary banking crisis.

Vavasseur survived by the skin of its teeth and a takeover of the outdoor and cinema advertising and currency broking group, Mills and Allen International, which had become an 80 per cent owned subsidiary during the palmy days of fringe banking growth.

Shorn of its fringe banking and insurance businesses, Vavasseur became Mills and Allen International. M and A went on to grow, mainly at first through an increasing share in outdoor poster advertising, where it is now one of the two market leaders.

At the same time, currency broking became a growth industry. M and A, which already had Harlow Meyer as a broking base, pushed for growth in the sector by means of four acquisitions which have put it into the top five international money brokers.

The group returned to the dividend lists three years ago and since then profits have climbed from £2.6m pre-tax to £10m in 1980.

However, Mills and Allen wants a third leg to stand on. The Monopolies Commission has been casting hostile glances at the poster industry which now has instructions to disband an arrangement between the market leaders for national distribution of poster sites.

In Letraset it sees an opportunity to buy that third leg, without immediately utilising its own cash resources—the offer is initially for shares—and at a price depressed by Letraset's bad news.

Yesterday it tested the market to see if it had got its price about right and flushed out just under 15 per cent of Letraset's shares at 105p, just about the value of the share offer.

However, it admits that it has to see if the remaining shareholders, nearly all institutions, feel the same on reflection. Letraset has been entirely open about its problems and has put its back into keeping brokers and shareholders informed.

It has had nearly a year to start putting things right and has moved swiftly on the management changes, closures and retrenchment. In its latest announcements it has suggested that the costs may be contained within the current year.

Letraset's management's actions now will be compared with Mills and Allen's single main argument for transferring control—its management strength.

Sir Ian Morrow, the Hambros director, who was put in to steer Vavasseur out of its problems and is still chairman of Mills and Allen, says simply: "We can wind a lot more profit out of Letraset and we are offering shareholders a way into other, more exciting businesses. The merged group would have a lot of cash and potential." Letraset's management yesterday begged leave to differ.

Hamilton Oil GB offers 20% at 140p a share

THE PROSPECTUS is published today of Hamilton Oil Great Britain, the company which brought Britain's first North Sea oil ashore from the Argyll field six years ago.

The public is being offered a 20 per cent stake in Hamilton by way of an offer for sale of 10m shares at 140p a share. The shares are being sold by a few of Hamilton's existing shareholders.

The offer values the company at £70m.

The company's principal asset remains its 28.8 per cent interest in the Argyll field, in which remaining proven oil reserves are said to total 16.4m barrels. However, the group has a number of North Sea prospects, including areas around Argyll, that are about to be explored and more fully appraised, undeveloped gas reserves in the southern sector and exploration licences in the central and northern sectors.

It is planning to drill four wells in and around the Argyll field over the next few months.

The company has also formed partnerships with two Hamilton group companies in North America and has taken a 2 per cent stake in Hamilton International.

Mr John Sutcliffe, former managing director of British Petroleum, has just been named managing director of the group.

Hamilton Oil GB's profits before tax have ranged from £9.7m in 1976 to £5.9m in 1977, £4.65m in 1978, £12m in 1979 and £18.9m in 1980. Earnings per share last year, based on 50m shares in issue, were 18.4p. Profits are expected to decline by about 20 per cent this year, partly as a result of lower oil prices and production rates and partly because a North Sea platform will be shut down for modifications this summer.

The company expects to pay a dividend of 1p per share in respect of 1981.

Net tangible assets at December 31 1980 were £16.38m, including £4.5m for North Sea oil and gas properties and £33m in cash before tax and royalties liabilities of £13.7m.

The offer for sale is being made by Kleinwort, Benson and brokers to the offer are Cazenove. Applications must be submitted by 10 am on July 15.

● comment

The £33m in cash in the Hamilton Oil GB balance sheet indicates the paralysis that has struck the company's boardroom because some significant investors have wanted to realise their gains while others wished to pursue growth through reinvestment. The offer for sale provides the way out for some while pointing the company clearly on a growth path, both in the North Sea and in North America. The flop this week of the offer for sale by Jackson Exploration showed again that the City's recent enthusiasm for new oil shares has disappeared. Hamilton has also been maladroit in requiring applications for its shares to arrive only two days after many investors will have paid the first instalment on the record BP rights issue. The company makes a virtue of its odd timing by arguing that the offer has had to be priced very attractively and the shares should thus offer investors considerable upside potential. Hamilton hopes Argyll production will double in the next year. The fully taxed prospective p/e on the forecast 20 per cent lower profit this year is 9¼.

Memec share price jumps as dealings start

The shares of Memec (Memory and Electronic Components) soared to a premium of more than 69p over the 140p offer price when dealings started in the electronic component distributor yesterday morning.

At the start of trading Memec's price was marked at 196p and quickly moved up to reach 204p before settling back after an active day's trading at 194p.

The smallish issue, sponsored by bankers Charterhouse Japhet and raising £5.25m, met with a tremendous response last week attracting 64,000 applications putting up more than £300m.

At 194p Memec is valued at just under £21m. On the basis of the prospectus forecast not ness than £1.55m profits for this year the fully taxed prospective p/e is 28 and the yield comes out at 2.2 per cent.

Allied Designers £0.48m rights

Allied International Designers, the corporate design specialist that was introduced to the USM last November, is raising £483,000 by a rights issue of 2.19m shares on the basis of three new shares at 22p per share for every 10 held on June 29.

The company hopes to pay a dividend of at least 0.25p per share on the enlarged capital in the year to end on October 31, 1981.

The rights issue is being made because the company needs additional space and seeks to develop certain micro processor-based products designed by its recent acquisition, Dalton Viewing and Whitsey. The group has acquired new premises in London, EC1 for £0.24m that, when refurbished, will be used as its main design studios and offices.

The directors view the future with confidence and while 1981 is a year of investment and consolidation, good long term growth is expected.

The rights issue has been underwritten by Phillips and Drew. Three directors, Mr J. Pilditch, Mr B. Brown and Mr K. McGurk, are not taking up their rights to 777,000 shares and it is expected these will be placed with institutional and other investors soon after dealings begin in nil paid form on July 13.

The final date for acceptances is July 31.

MINING NEWS

CSO diamond sales fall by 40% in first half

BY KENNETH MARSTON, MINING EDITOR

THE WEAKENING in world sales of rough (uncut) gem and industrial diamonds which followed the peak value achieved in 1978 is still persisting.

Sales of roughs handled by the South African De Beer's Central Selling Organisation in the first half of this year are some 40 per cent down in value on those for the same period of 1980.

Diamonds are priced in U.S. dollars and the CSO sales value for the first half of this year amounts to $940.5m ($497.2m) which is 40 per cent down on that for the same period of 1980 and 19 per cent down on that for the second half of last year.

Because of the recent appreciation in the value of the dollar, the South African rand value of the 1981 first half sales of R747.6m is 41 per cent down on that for first-half 1980 and only 15 per cent down on that for the second half of 1980.

The CSO rand sales figures are compared in the following table:

	Six months to June Rm	Dec. Rm.	Year's Total Rm
1981	747.6	—	—
1980	1,267.2	874.4	2,141.6
1979	1,085.4	1,106.2	2,191.6
1978	1,063.5	1,156.4	2,218.9
1977	943.4	859.3	1,802.7
1976	681.9	670.0	1,351.9
1975	355.1	438.4	793.5
1974	525.5	313.6	849.1
1973	478.7	441.9	920.6
1972	323.4	332.1	655.5
1971	220.1	226.3	446.4
1970	200.7	177.7	378.4
1969	260.1	234.5	494.6
1968	203.2	225.6	428.8

The CSO which markets, and fixes prices for, something over 80 per cent of world rough diamonds produced by the De Beers' mines and those of others also buys a guaranteed minimum quantity of world production, regardless of the state of the market.

Thus the sharp decline in diamond sales has been accompanied by an increase in the unsold stocks carried and financed by the CSO. Because there are as yet no signs of a pick-up in demand for diamonds generally, the CSO stocks could rise further in the current half year.

De Beers has already announced that it is temporarily reducing its diamond production and the cutback is believed to be of the order of 5 per cent. This figure, however, has to be seen against the more than doubling in group production that has taken place over the past 15 years to 14.7m carats in 1980. Meanwhile, the group presses on with its expansion programme which aims at an annual capacity of some 19m carats by 1983.

The diamond picture is not all gloom, however. For one thing sales of retail jewellery have continued at a satisfactory level to show a rise in value for the first quarter over that for 1980. This, coupled with the reduction in CSO sales of rough diamonds to the cutting centres has resulted in a lowering of the previously high stocks there.

The improvement in retail demand is concentrated at the "cheap" end; the expensive high quality gems which also come into the "investment" category remain a depressed area.

There is a strong market at the cutting centres for small polished gem diamonds, running about six to ten stones to the carat (there are 142 carats to the ounce) which sell in the centres for up to about $400 per carat. At retail level they would fetch over $1,000 per carat, but strong price resistance is seen for jewellery priced at much above this level.

De Beers says, hopefully, that a return to more normal trading conditions can be anticipated when general economic conditions (especially in the U.S.) improve and the level of interest rates declines.

There is no sign of this happening yet and, indeed, at the group's annual meeting in May Mr Harry Oppenheimer saw no improvement developing "until well into the second half of this year."

Meanwhile, the diamond trade will be anxiously awaiting the outcome of the August "sight," one of the 10 occasions each year when "boxes" of assorted rough diamonds are offered by the CSO to selected buyers. This particular sight could indicate to what degree the retail trade is preparing to re-stock for the Christmas and New Year demand, particularly in the U.S.

SE queries Endeavour bid

TRADING IN the shares of Endeavour Resources of Australia was suspended yesterday on the country's stock exchanges. The company's home exchange of Melbourne gave no specific reason for its decision, which was followed by suspension in London.

Endeavour, 42 per cent-owned by Bond Corporation, is the vehicle through which Mr Alan Bond, the Western Australian businessman, is seeking to take over Northern Mining, which has a 5 per cent stake in the Ashton diamond joint venture.

The Melbourne exchange is believed to be concerned about several apparent breaches of the listing agreement by Endeavour in connection with its takeover bid.

Our Sydney correspondent reports that the exchange is unlikely to take any action about Endeavour exceeding the 20 per cent ownership level before making a full bid, as a number of companies have escaped rebuke for this in recent times.

The problem is more likely to concern an apparent breach of a section of the listings agreement which seeks to stop companies from arranging to buy shares when an offer is contemplated, if such arrangements involve special considerations not offered to all shareholders.

Endeavour's offer for Northern contains a 90 per cent acceptance condition, which did not apply to the company's purchase of 19.82 per cent of Northern's shares from the National Mutual Life Association when Endeavour built up its stake of 39.58 per cent ahead of the bid.

In a separate development, the Western Australian Government announced that the Ashton partners face a royalty of 7.5 per cent on the first diamonds produced from the Lake Argyle site.

Mr Peter Jones, the state's Minister for Mines, said this rate would only apply to the small-scale but high-grade output expected to start next year from the Upper Smoke Creek area.

The rate for the main source of diamonds, the AK1 kimberlite pipe, is still to be negotiated.

Production from AK1 is not expected to begin until 1985.

Apart from Northern Mining's 5 per cent, Ashton is owned as to 56.8 per cent by CRA, the local offshoot of Rio Tinto-Zinc, and 38.2 per cent by Ashton Mining.

TCL share offer for Rand Mines Properties

SOUTH AFRICA'S Transvaal Consolidated Land (TCL), the 59.8 per cent-owned mining arm of the country's Barlow Rand group, is to acquire the latter's 60.1 per cent holding in Rand Mines Properties (RMP).

Under the deal, TCL is offering one of its shares for every seven RMP shares held by Barlow Rand. Other holders are offered the same terms or an alternative of one TCL shares for every eight RMP shares plus a cash payment of 105 cents (61.2p) per RMP share.

RMP has 12.4m ordinary shares in issue and before trading in them was suspended in Johannesburg yesterday the shares were priced at 730 cents.

TCL has 7.31m shares in issue and they were traded at 4,950 cents. On the basis of the most recent share prices, the TCL bid values RMP at R87.7m (£51m).

The reason given for the deal is that RMP's operations will progressively require a greater mining emphasis with development of the R40m programme to recover gold from sand dumps on the old Crown Mines property.

At present RMP's earnings come almost entirely from its property development and sales interests. In the six months to March 31 the company earned a consolidated profit of R3.88m, equivalent to 31.3 cents a share.

AF sharply lower at interim stage

PROFITS OF Associated Fisheries tumbled in the half year to March 31 1981 the pre-tax figure emerging at £335,000, compared with £638,000. Turnover was also well down, dropping from £35.29m to £29.17m.

Mr H. K. FitzGerald, the chairman, says the reduction in the pre-tax surplus was mainly attributable to increased fishing losses, a reduced contribution from the cold storage division and losses incurred by one of the engineering companies.

He points out, however, that the adverse results were partially offset by improved food processing and trading profits and a significant decrease in net interest expenditure.

It is too soon to predict the final outcome for the current year, the chairman adds. But he warns that during the next few months some further trawling losses may be unavoidable.

However, without the major reorganisation costs and trading losses which were incurred during the second half of 1979-80 and with an extension of further financial support from the Government, he anticipates being able to report an improvement over last year—taxable profits for 1979-80 slumped from £2.19m to just £5,000.

Stated earnings per share for the half year were lower at 0.93p (1.91p) but the net interim dividend is being maintained at 0.25p per 25p share—last year a final of 0.75p was paid.

The pre-tax profit was struck after interest charges of £112,000 (£309,000), exceptional credits of £202,000 (£157,000) and associate profits of £6,000 (£55,000 loss).

The attributable balance came through at £111,000 (£469,000) after tax of £171,000 (£285,000), an extraordinary debit of £66,000 (£121,000 credit) and minority credits of £13,000 (£5,000 debit).

Commenting on the results Mr FitzGerald explains that the fishing loss—£507,000, against £38,000—was because of a reduced mackerel quota, unremunerative market prices and escalating operational costs.

He says the continuing delay within the EEC over a common fishing policy meant a further period of uncertainty and instability for the British fishing industry. Additional financial support was recently extended by the Government, of which British United Trawlers' total share is expected to be £900,000—the first instalment of £320,000 was received after March 31 and has not been included in the half-yearly results.

Under the prevailing economic conditions the performance of the food subsidiaries was reasonably satisfactory, he says, and there was no repetition of last year's losses by D. A. Macrae and Associated Shellfish.

Associated Fisheries (Restaurants) continued to do well.

The chairman adds that the general economic conditions reduced demand for cold storage, thus affecting the current performance of this division. To a lesser extent the transport and warehousing business was similarly affected.

Aberdeen Jig and Tool produced a reasonable profit but this was more than offset by a loss incurred by Tecnor Engineering Services (Scotland) where turnover was severely affected by the acute difficulties of the fishing industry.

Further economies were implemented to reduce the Hull establishment and three more vessels were sold.

A breakdown of trading profits for the half year shows: fishing £507,000 loss (£38,000 loss), food processing and trading £380,000 (£89,000), fast food £198,000 (£185,000), cold storage £401,000 (£653,000), transport and warehousing £115,000 (£130,000) and engineering £79,000 loss (£81,000 profit).

Unallocated expenses totalled £269,000 (£255,000).

● comment

Associated Fisheries is still going through a rough patch; yesterday's interim numbers showed a 72 per cent slump at the trading level and the only reason the pre-tax decline was held to 48 per cent was an exceptional credit on the back of vessel sales. Even with £900,000 of Government aid in the current year, fishing losses could total a solid £1m. Food processing appears to have improved greatly, but this was mainly loss elimination. The engineering loss is related to fishing as well and this link at Tecnor does not bode well for the immediate future. As of this week only a dozen ships were fishing, 11 were on oil-rig duty and the rest were back in dock. Associated's balance sheet is strong (borrowings are coming down), but the profit and loss account is unlikely to impress in the near future: a full year pre-tax of around £500,000 or £600,000 would be good going. At yesterday's 57p, unchanged, the shares yield a measly 2.5 per cent.

Berec expects lower first half profits

Current year trading at the Berec Group, battery maker, continued to be difficult, and figures for the four months to the end of June suggested that first-half results would be lower than last year, Mr C. G. Stapleton, chairman, told members at the annual meeting.

Pre-tax profits for the six months of the 1980/81 year were £3.25m out of a total of £10.54m.

In view of the rapidly changing environment, the chairman added that he would not wish, at this stage, to give any forecast of the year's outturn.

Mr Barry Davidson, chairman, told shareholders of Foster Brothers Clothing Company at the annual meeting that the difficult trading pattern continued, with sales some 5 per cent lower than the same period last year.

Trading profits of Rowton Hotels were expected to be about half those of last year, Mr W. G. Harris, chairman, said at the annual meeting.

He stated that difficulties outlined in the annual report continued with the addition of rapidly rising unemployment on

The continued low volume of output at W. Williams & Sons (Holdings), diecaster, founder, engineer, was certain to have a considerably adverse effect on trading results for the current year, particularly when coupled with the termination and redundancy payments incurred in the first half, Mr W. E. Williams told members at the annual meeting.

Trading levels were still low, and prices were being severely squeezed through strong competition, both from the UK and abroad.

Mr Richard Dunhill, chairman of Alfred Dunhill, told members at the annual meeting that directors were confident that the group, with its financial and management resources, had the "ability to meet the needs of a rapidly changing environment and achieve a long-term recovery in profitability."

AGB RESEARCH

Acceptances have been received in respect of 94.6 per cent of the 4.79m shares of AGB Research offered in a recent rights issue. The balance has been sold in the market at a net premium of 39.51p per share.

Radiant Metal setback

A DROP of £71,116 in second-half profits to £79,663 has left Radiant Metal Finishing Co. down at the pre-tax level, from £269,240 to £188,194. Turnover was also behind at £817,112, against £905,807.

The dividend is maintained at 3p net per 12½p share, however, with a same-again final payment of 2p.

Pre-tax figure included income of £77,328 (£54,234) and a profit on the realisation of investments amounting to £19,049 (£21,008).

After tax of £94,703 compared with £125,236, and dividends £40,800 (same), the retained balance came through virtually halved at £52,691 (£103,204).

J. Booth profit expansion

ON turnover up from £8.47m to £9.3m, taxable profits of John Booth and Sons (Bolton), structural and welding engineer, expanded to £94,582 for the year ended March 31 1981, compared with £29,666 previously.

At halfway the company had recovered from losses of £56,204 to a surplus of £34,354.

Earnings per 25p share are given as 5.23p (3.53p) and the dividend is maintained at 1p net.

After tax of £46,271 (£10,477 credit), minorities £2,482 (£9,201), extraordinary debits £18,647 (£13,331) and appropriations, the retained balance came through ahead from £8,851 to

Fashion and General

Taxable profits of Fashion and General Investment for the six months to March 31, 1981 totalled £240,968. The company has changed its year end to March 31 and the taxable surplus compares with £203,797 for the half year to September 30, 1980.

An interim dividend of 8p net is declared for the six months (7.6p for period).

Tax took £119,324, against £89,157.

The directors point out that the comparable pre-tax figure included the proceeds of the sale of a large investment in May, 1980 resulting in a substantial increase in income from fixed interest securities.

M & G Dual to pay more

For the current year the M and G Dual Trust is forecasting a dividend of at least 19.4p, compared with 18.35p the year before. The interim payment is being raised from 8.5p to 9.05p.

Revenue for the half year to June 30 1981 showed an improvement from £697,506 to £743,912, subject to tax of £223,269 (£209,361).

At June 30 net asset value per capital share was 504.15p.

G. Ruddle

Pre-tax profits of G. Ruddle and Company, the unquoted Rutland brewer, advanced from £513,809 to £716,985 for the year to end-March, 1981—an improvement of 39 per cent—on turnover of £6.43m.

Commenting on the results Mr Tony Ruddle, the chairman, says in a year when sales of beer nationally had been declining the company achieved a volume increase of 7 per cent.

It hopes to achieve a similar increase in the current year.

Whitbread Investment Company holds 31.54 per cent of Ruddle's ordinary shares.

'PUTPAGS' OFFER

The Property Unit Trust for Public and General Superannuation Schemes is making a new offer of units. Subscription price is £1.875 per unit to yield an estimated 5.3 per cent.

The fund's investment portfolio, valued at £25.5m, comprises 33.7 per cent in offices, 16.6 per cent in shops, 17.5 per cent in industrial properties and 23.0 per cent in agricultural land — uninvested cash amounts to 9.2 per cent.

There are 34 properties in the fund (producing a total net annual income of over £1.1m) with an open market value of £23.13m, against a total aggregate cost of £12.70m.

Waddington cuts dividend to 6p

AS FORECAST, John Waddington has slipped into the red for the 53 weeks to April 4 1981, turning in a pre-tax loss of £319,000 compared with a profit of £881,000 for the preceding 52 weeks. A final dividend of 3.5p virtually halves the year's total payout at 6p against 11.9p previously.

The games, pastimes, printing and packaging group produced a profit of £705,000 in the second half, down from £1.3m in the corresponding period last year, but this was insufficient to recover the midway loss of £1.02m (£418,000 loss).

Mr Victor Watson, chairman, says the sale of Valentines, a greetings card subsidiary which contributed a profit of £770,000 for the year, has released cash. Net borrowings have been cut back from £10.62m to £2.83m.

The pre-tax deficit also includes losses of £2.08m from Videomaster and £808,000 from the U.S. subsidiary. Mr Watson says drastic action has stopped losses from both these operations.

Dividends absorb £402,000 (£770,000) and earnings per 25p share are shown as 3.64p (7.61p).

● comment

John Waddington has come to be known as the story of loss elimination which, somehow, never quite worked out. The history of its aggregate £6m loss with Videomaster — taking in a £2.1m deficit for 1980-81 — is well enough known but the extent to which any projection for the current year can reasonably write out these and U.S. losses to leave Waddington with a profit base of £2.51m must still be open to some debate. The U.S. operation, losing £808,000, has been transferred to the Canadian umbrella and Videomaster, now turning over about £500,000 annually, is under Subbuteo's wing. The group says that it must have an electronic base for the games market of the future but, since it also stresses that it can fulfill this need in its other games operations, the decision not to bite the bullet firmly on Videomaster keeps some of the residual doubts alive. The Valentine disposal has been principally responsible for the balance sheet improvement where gearing is now just 15.6 per cent and it also means that paper and packaging will account for about 70 per cent of turnover this year. Waddington has a well established yet innovative tradition in this market and a yield of 6.9 per cent at 128p, unchanged yesterday is saying that the re-grouping on the core business will at least maintain underlying earnings.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Greenfields Leisure, Imperial Group, Sotheby Parke Bernet, Tribune Investment Trust, Watson and Philip.

Finals—Batleys of Yorkshire, Braithwaite Engineers, British Building and Engineering Appliances, Greene King, Kinta Kellas Rubber Estates, Montague L. Meyer, Mitchell Somers, A. Monk, Robert Moss, Oil and Associated Investment Trust.

FUTURE DATES

Interims:—	
Allied Textile	July 22
Bath and Portland	July 14
Jacobs (John I.)	July 23
Macfarlane (Clansman)	Sept 1
Norfolk Capital	July 10
S. African Land and Ex.	July 23
Vaal Reefs Ex. and Mining	July 23
Western Deep Levels	July 23
Finals:—	
Crown House	July 20
Illingworth Morris	July 17
Peerless	July 13
RFD	July 14

Routledge down at year end

DESPITE an increase in second half profits from £114,492 to £134,092, the taxable surplus of Routledge and Kegan Paul, book publisher, ended the March 31 1981 year behind at £158,092, against £241,492.

Turnover moved ahead slightly to £4.43m (£4.14m).

A final dividend of 3p (3.2p)—there was no interim—compares with a total of 4.7p previously and earnings per share are virtually halved at 12.4p (24p).

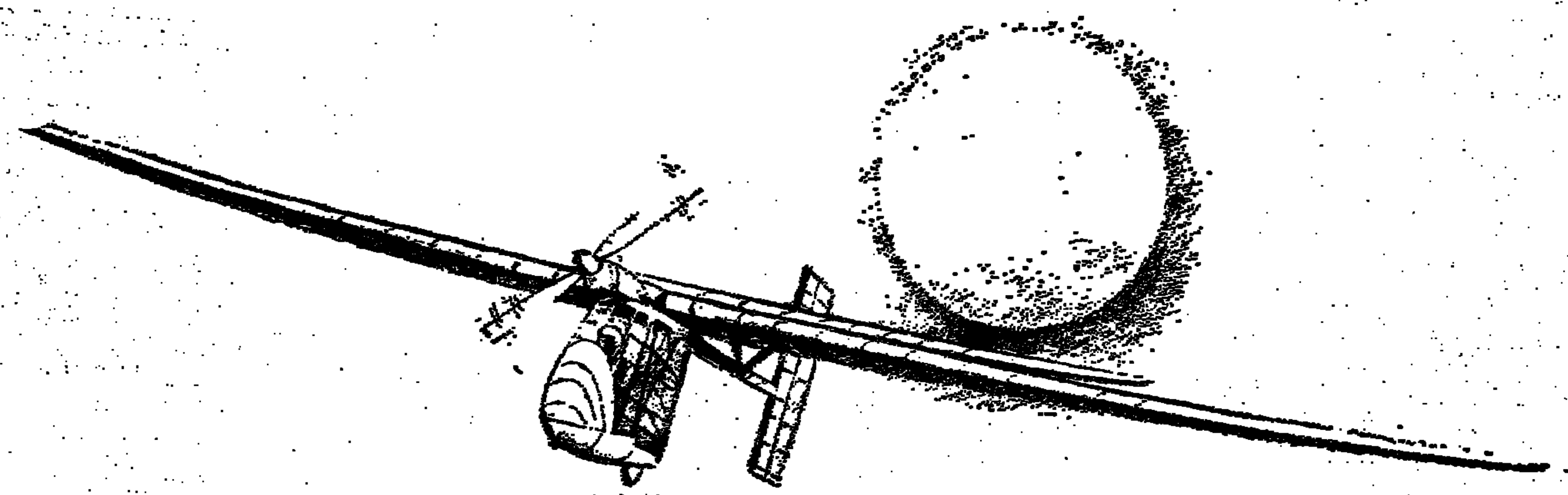
Pre-tax figure was struck after finance charges, up from £99,388 to £121,964, and subject to tax of £18,231, against a £33,603 credit.

After dividend payments totalling £35,657 (£48,855) there was a retained balance of £104,204 (£226,240).

Yearlings total £13.5m

Yearling bonds totalling £13.5m at 13¾ per cent redeemable on July 14, 1982 have been issued this week by the following local authorities:

Basingstoke and Deane BC (£1m); Oxford City Council (£1m); Kirklees Metropolitan DC (£0.75m); Runnymede DC (£1m); Salford (City of) (£0.5m); Cumbernauld and Kilsyth DC (£0.25m); Derwentside DC (£0.5m); Harborough DC (£0.45m); Lliw Valley DC (£0.25m); North East Fife DC (£0.5m); Wakefield (City of) Metropolitan BC (£0.5m); Wansbeck DC (£0.3m); Fife Regional Council (£1m); Bristol (City of) (£1.5m); Kirkcaldy DC (£0.5m); Colchester BC (£0.5m); New Forest DC (£0.75m); South Staffordshire DC (£0.25m); Central Scotland Water Development Board (£1m); Portsmouth (City of) (£1m).



Marine Midland reports small second-quarter gain

BY DAVID LASCELLES IN NEW YORK

MARINE MIDLAND, the large *upstate New York bank which* is part of the Hongkong and Shanghai group, reported a modest 6 per cent increase in earnings yesterday *for* the second quarter of this year.

Mr Edward Duffy, chairman, indicated that he was pleased the bank had managed to maintain a favourable spread between its borrowing and lending, despite the high volatility of interest rates in the U.S. over the period.

Marine Midland is the first *major bank to report* for the second quarter which is expected to produce very uneven results in the U.S. banking industry because of wild gyrations in the money markets.

The bank's income before securities transactions was $20.9m, up from $19.7m in the same period last year. On a per share basis, earnings went down quite sharply, from $1.24 to $1.09. But this reflected the issue of several million new shares to the Hongkong and Shanghai as part of the large capital injection included in the takeover, which was completed at the end of last year.

For the first six months, Marine Midland's earnings were $41.5m or $2.16, up 38 per cent from $30.1m or $2.05 in the same period last year.

Income from most of the bank's activities was up, except for profits from foreign exchange and bond trading which fell from $10.4m to $7.8m. The bank's non-interest operating expenses were also up quite sharply, from $89.9m to $101.3m, a result of both inflationary pressures and higher business volume.

Marine Midland's assets totalled $18m at the end of June, making it approximately the fifteenth largest in the U.S.

● Harris Bankcorp, holding company for the third largest bank in Chicago, has reported a 40 per cent drop in net aernings for its second quarter, largely as a result of a fall from the unusually high level of bond trading profits achieved in 1980.

Net profits came out at $6.56m against $10.89m, and as well as the fall off in bond trading earnings the company said that the higher cost of funds modestly reduced its net interest income from the 1980 level.

The bank increased its loan loss provision from $2m to $2.25m for the quarter, while at the end of June its outstanding loans had grown by 11 per cent from $3.15bn to $3.5bn.

After six months net earnings at Harris were down from $18.1m to $14.83m, or from $2.66 a share to $2.17, with the second quarter contribution cut from $1.60 to 96 cents.

Prices of fixed rate bonds slip

BY FRANCIS GHILÈS

YESTERDAY'S UPWARD lurch in U.S. interest rates had less effect on the price of seasoned Eurodollar bonds than it did on the price of U.S. domestic bonds. Prices of fixed interest *dollar Eurobonds shed about ⅜* points across the board yesterday, whereas U.S. domestic bonds were marked sharply lower in early trading.

Older straight dollar bond issues, however, were virtually unaffected as the turnover in such paper remains low. More recent issues, which are more actively traded, were more affected according to a number of dealers. For instance the 15½ per cent Citicorp to 1984 which *was launched late last May shed* ⅜ points to finish at 100 in the middle.

The 15 per cent Citicorp bond to 1986 which was launched on Tuesday night was increased yesterday to $150m. It was quoted yesterday at a discount of 1¾ points from its issue price of 99 at which level it yields 15.80 per cent.

The $30m convertible to 1996 for Murata was increased to $40m yesterday and the indicated coupon of 5¼ per cent cut by ¼ per cent by the lead manager Nomura International.

The success of this convertible confirms, yet again, that any paper bearing a Japanese name is more or less sure of attracting strong investor demand. With tock prices in Japan trading at historic highs, dealers see little reason for the flow of Japanese convertibles to dry up.

D-Mark foreign bonds shed ⅜ points in very thin trading while Swiss franc bond prices were unchanged. A SwFr 100m ($48m) 10-year public issue for the Belgian state electric company, Belgelectric, which carries a coupon og 7¼ per cent was announced through SBC.

In the Eurosterling sector, a £15m ($23m) 15-year convertible for Seiyu Stores was launched which carries an indicated coupon of 7½ per cent and a conversion premium of around 5 per cent. Lead *manager is Kleinwort Benson.*

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Monday July 13. Closing prices on July 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible] Air 13¼ 85 (WW)	55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amoco 13¼ 88	75	94	94½	+0½	−0⅛	14.62
CIBC 14½ 84	185	97⅞	98⅜	0	+0⅛	15.30
CIBC 15¾ 85	75	99¾	99¾	−0¼	−0¼	15.39
CNA 15¾ 86	75	97⅞	98½	−0⅛	0	15.61
CNE 12¾ 91	100	88⅛	88⅝	−0⅜	−0¼	15.08
Citicorp O/S 12 87	200	89⅛	89⅝	−0⅜	−0⅜	14.66
Citicorp O/S 15½ 84	175	99¾	100¼	−0⅜	−0½	15.47
Dupont Canada 13½ 91	65	94⅛	94⅝	−0¼	−0⅛	14.58
EIB 12¾ 89	75	87⅞	88⅜	−0⅜	−0⅜	15.44
Eldorado 13¾ 86	50	93½	94	−0⅛	−0¼	15.14
Elec. de France 13 88	125	91¼	91¾	−0½	−0⅜	15.08
Export Dv. Corp 9½ 86	150	81½	82½	−0⅜	−0¼	15.24
Fed. Bs. D. 13¼ 85 (N)	50	91⅛	91⅝	−0⅜	−0⅛	15.03
Fed. Bs. D. 15¾ 84 (J)	40	100¾	101¼	0	0	15.27
Fin. Exp. Credit 10½ 85	50	85	85½	0	−0⅛	15.76
Finland, Rep. of 9½ 86	100	80	80½	−0⅜	−0⅛	15.72
Ford Cr. O/S Fin. 16 84	150	100¼	100¾	−0⅜	−0⅜	15.61
Ford Cr. O/S Fin. 16 85	150	97⅞	98⅛	−0½	−1	16.77
Gaz de France 13½ 86	80	94⅞	94⅞	−0⅜	−0¼	15.15
GMAC O/S Fin. 12⅞ 88	100	90⅜	90⅞	−0½	−0½	16.21
GMAC O/S Fin. 14⅜ 87	100	97	97½	−0⅜	−0½	15.48
Gen. Mrs. O/S 11⅜ 87	100	87½	88	−0½	−0¼	14.84
Genstar 14¾ 91	50	98⅛	98⅝	−0⅜	+0⅜	15.04
GTE Fin. 13¾ 86 (WW)	50	97⅛	97⅝	−0¼	+1⅛	14.47
Hiram Walker 16 85	50	102¼	102¾	−0½	+0¼	15.21
IBM Wld. Trade 12½ 88	200	85¼	85¾	−0⅛	0	13.53
IBM Wld. Trade 14¾ 84	100	100½	101	−0¼	+0¼	14.39
Nat. Bk. Canada 15¼ 84	40	98⅝	99⅛	−0⅛	+0¼	15.73
Newfoundland 13¾ 90	80	91½	92	−0⅜	−0⅞	15.24
Nova Scotia 15 91	75	97¾	98¼	−0⅛	−0⅜	15.40
Ontario Hydro 13½ 91	100	93¼	93¾	−0½	−0⅜	14.76
Queb. Hy. 13 91 (WW)	100	88¾	89¼	−0⅜	−0⅜	15.21
Royal Bk. Canada 14 86	100	97⅞	98⅜	−0¼	0	14.52
SNCF 13 91	75	90⅞	91⅜	−0⅜	−0¼	14.77
Sth. California 14 87	50	97⅛	97⅝	−0⅛	+0⅛	14.59
Sth. California 14¾ 88	50	97½	98¼	−0½	−0¼	15.20
Sven. Handlsbk. 13¾ 88	45	92¼	92¾	−0⅜	−0⅜	15.58
Swed. Ex. Credit 13 86	75	90⅞	91⅜	−0⅜	−0⅜	15.82
Swed. Ex. Cred. 15¾ 86	50	99¾	100¼	−0⅜	−0½	15.72
Toronto-Dom. Bk. 14 84	50	96¼	96¾	−0½	−0½	15.57
Tribune O/S Fin. 14 86	50	95	95½	−0¼	−0⅜	15.43
Wells Fargo Int. 15¾ 84	50	100½	100⅞	−0½	−0⅛	15.20
World Bank 10¼ 87	300	81⅜	81⅞	−0⅜	−0⅛	15.15
World Bank 14⅜ 86	500	96⅛	96⅝	−0¼	0	15.47

Average price changes.. On day −0⅜ on week −0¼

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97⅞	98½	−0⅛	−0⅛	10.[illegible]
Austria, Rep. of 8¾ 92	150	87⅞	88⅜	−0⅜	+0¼	10.07
CECA 7⅞ 92	150	85¼	85½	+0¼	+0¼	9.99
CECA 10 91	120	100¾	101⅛	−0⅜	−0½	9.86
CII-Honeywell 8¾ 90	125	87⅞	88⅜	−0½	−0¼	10.44
Council of Europe 10 91	100	99⅛	99⅞	−0⅛	−0½	10.07
EIB 8½ 90	200	89⅜	90	−0⅜	−0½	10.27
EIB 10½ 91	200	100¼	101	−0⅛	−0⅛	10.38
ESCOM 9¼ 87	100	90¾	91¼	−0⅜	−0⅜	11.35
Finland, Rep. of 10 89	100	97⅛	97⅞	−0⅜	−0⅜	10.47
Iberduero SA 9 90	100	88½	89¼	*0*	*−1*	*11.00*
Ind. Bk. Finland 8½ 90	50	89⅝	90⅛	−0¼	+0⅜	10.24
Int.-Am. Dv. Bk. 10 91	100	99	99⅜	0	−0⅜	10.09
Japan Air Lines 8⅞ 87	100	91¾	92½	0	+0½	9.83
Japan Dev. Bk. 7¾ 87	100	89⅛	89⅞	+0⅛	+0⅜	9.98
Kobe City of 8 90	100	87⅜	88⅛	−0⅛	0	10.14
Midland Int. Fin. 8½ 90	180	89¼	90	−0¼	0	10.27
Nuclebras 9¾ 88	100	89¼	90¼	+0⅞	+3⅛	11.93
OKB 8¾ 92	150	86⅞	87⅜	+0⅛	+0½	10.24
Oslo, City of 8¾ 90	80	91⅞	92⅜	0	+0⅛	10.12
Venezuela, R. of 9¾ 90	150	94⅝	95⅛	+0⅛	+1	10.65
World Bank 8 90	700	86⅛	86⅞	−0⅜	−0¼	10.38
World Bank 10 86	150	101	101⅜	−0¼	−0½	9.61

Average price changes.. On day −0⅛ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	80	96¼	96½	0	+0¼	7.02
BFCE 6½ 91	100	96¾	97	+0½	+0⅞	6.95
Bayer Int. Fin. 5¾ 92	100	90⅜	91¾	−0½	+0⅛	6.40
Bergen, City of 6¾ 91	40	†100	100½	−0¼	+0⅛	6.71
Bhrmn.-Tetterode 7 90	40	†100	100½	0	0	6.96
CECA 6¾ 91	80	97	97¼	0	+0⅛	7.14
Denmark 5¾ 90	80	88⅛	88⅜	0	−0⅜	7.60
Dome Petroleum 5¾ 91	100	95⅛	95⅜	−0¼	+0⅛	6.42
Elet. de France 5¼ 90	100	91⅛	91⅜	+0⅛	+0¼	6.50
Eurofima 5¾ 92	80	†98½	99½	+0¼	+0¼	5.87
F. G. H. Hypo. Bk. 6 90	50	94⅜	95	−0⅛	+0¼	6.78
Finland, Rep. of 5⅜ 90	80	†88	88½	+0⅛	−1½	7.44
Franc. Petroles 6½ 91	80	97⅛	97½	−0⅛	+0⅛	6.87
Genstar 7 91	100	102½	102⅜	−0½	−0⅜	6.62
Int.-Amer. Dv. Bk. 7 91	100	99⅛	99⅜	+0⅛	−0¼	7.10
Japan Dev. Bank 5¾ 90	100	94¾	95	+1⅛	0	6.50
Mt. Blanc Tunnel 5½ 90	60	89	90	−0¼	−0¼	7.09
Neweg 5¾ 90	80	92	92½	−0⅛	−0⅛	6.94
OKB 7 93	100	99⅞	100⅛	0	+0⅛	7.00
Oslo, City of 5⅞ 90	80	91¾	92	+0⅛	+0⅞	7.09
Philips Lamps 5¼ 92	100	†89½	90	−0⅛	+0⅛	6.58
Swed. Ex. Cred. 7¼ 91	75	96½	97	+0½	−1⅛	7.73
Trade Dev. Fin. 6½ 90	50	90⅜	90⅞	−1½	−1½	7.57
Voest-Alpine 5¾ 90	80	†90	91	+0¼	+0¼	7.19
World Bank 6 91	100	93⅛	93⅜	+0⅛	−0⅜	6.98
World Bank 7 90	100	100	100¼	−1	−2	6.97

Average price changes... On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 91	15	97⅜	98⅛	0	−0⅛	8.57
Australia 6½ 88	20	85½	86⅜	0	0	9.38
EIB 7¾ 89	12	91¾	92¾	0	−0½	9.13
Finland 5.6 83	10	91½	92½	−0⅛	+0⅛	9.53
Finland 6.8 88	10	85½	86½	0	−0⅛	9.68
Finland, Rep. of 8½ 87	15	97⅜	98⅜	0	0	8.79

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	86½	87½	+0¼	−0⅛	14.42
CIBC 13½ 85 C$	50	93⅜	94⅛	0	0	15.55
CIBC 11½ 85 C$	60	86¼	87¼	−0⅛	−0¼	16.23
Federal Dev. 11½ 90 C$	60	†80	81	−0¼	−0¼	15.66
Fst. Can. Inv. 10 84 C$	50	†85¼	86¼	0	−0⅜	16.83
R. Bk. Canada 10 86 C$	40	88	89	−0¼	−0⅛	13.35
Tordom Cpn. 13¾ 85 C$	30	†94	95	−0½	−0¼	15.46

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	86	87¼	+0⅛	−0⅛	11.23
SOFTE 8¾ 89 EUA	40	86⅜	88	−0⅛	−0⅛	10.71
U. Bk. Nwy. 9½ 90 EUA	18	94⅜	95½	+0⅛	+0⅛	10.41
Algemene Bk. 10¼ 86 Fl	80	94⅝	95⅛	0	−0⅛	11.70
Amro Bank 12 86 Fl	75	100	100½	+0⅛	+0⅛	11.93
Heineken NV 10 87 Fl	*100*	92⅜	93⅛	−0⅛	−0⅛	11.71
Nat. Nedrlndn. 10 88 Fl	60	95	95½	0	+0⅞	11.03
Ned. Midd. Bk. 10 85 Fl	75	93⅛	93⅞	−0¼	−0⅛	12.00
Pierson 10¼ 86 Fl	50	93⅛	93⅝	−0⅛	−0⅜	12.16
Rabobank 12 86 Fl	50	99¾	100¼	0	−0¼	11.89
Air France 14½ 86 FFr	200	92½	93⅛	+0⅛	+0⅞	16.80
Bk. America 14½ 86 FFr	250	90⅜	91⅛	0	+0⅛	17.48
Charb'nages 13⅞ 85 FFr	400	89½	90½	+0⅜	+1	17.18
EIB 14⅛ 88 FFr	300	87⅜	88⅛	−0⅛	+0¼	17.30
La Redoute 14¾ 85 FFr	*125*	86½	87⅜	*0*	+0½	*18.88*
OKB 14 86 FFr	400	92	93	0	+1	16.36
Solvay et C. 14¾ 85 FFr	200	95½	96½	0	+0⅛	15.95
Swed. E. Cr. 14⅝ 86 FFr	250	88⅛	89⅛	0	+0¼	18.34
U. Mex. Sts. 14 85 FFr	150	89⅝	90⅝	0	+0⅜	17.85
Acona 14 85 £	20	93⅛	94⅛	+0⅛	−0⅛	16.05
Beneficial 14¼ 90 £	20	85⅜	86½	−0¼	−1⅛	17.27
BNP 13½ 91 £	15	87½	88¼	−0⅛	−2	16.01
CECA 13½ 88 £	20	89½	90¼	−0⅛	−2	15.89
Citicorp O/S 13½ 90 £	50	93⅜	94⅛	0	−0½	14.78
Fin. Ex. Cred. 13¾ 86 £	15	92	93	−0¼	−0⅞	16.07
Gen. Elec. Co. 12½ 89 £	50	87⅜	88	−0⅛	−1⅛	15.30
Hiram Walker 14¼ 86 £	25	94	94⅜	−0¼	−1⅛	15.95
Privatbanken 14½ 88 £	12	91⅛	91⅞	0	−1	16.63
Rothschild 14¼ 90 £	12	93½	94¼	−0⅛	−0⅜	15.53
Royal Trustco 14 86 £	12	94½	95¼	−0⅜	−1⅛	15.56
Swed. Ex. Cr. 13¾ 86 £	20	93	93⅜	+0½	−0⅜	15.79
Akzo 9¼ 87 LuxFr	500	89⅜	90⅜	+1½	−0⅜	11.58
Euratom 9¼ 88 LuxFr	500	84⅜	85⅜	−0⅛	−0⅞	13.24
Eurofima 10½ 87 LuxFr	500	90	91	0	−0⅜	12.78
EIB 9¾ 88 LuxFr	600	87½	88½	−0⅛	−0⅛	12.51
Volvo 9¾ 87 LuxFr	500	86	87	−0¼	−0⅞	12.95

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	98⅞	99⅛	18/12	16⅜	16.90
Bank of Tokyo 5¼ 89	‡0⅛	98½	99	25/7	16½	16.71
BBL Int. 5 86	0¼	99⅝	100⅛	20/11	16.31	18.34
BNP 5½ 88	‡0⅞	98⅞	99½	29/7	16.44	16.68
CNT 5¼ 86	§0¼	99⅛	99⅝	16/10	16.81	16.92
Christiania Bk. 5½ 91	‡0¼	97¾	98¼	5/8	17.31	17.67
Citicorp O/S Fin. 84	‡0	98⅞	99⅜	29/7	18.69	18.85
C. Itoh 5¼ 87	0¼	98½	99	18/9	15.44	15.63
Co-operative Bk. 6 86	0¼	99⅝	100⅛	15/11	19.56	19.59
Den Norske Credit 6 90	‡0¼	98½	99	6/8	17.31	17.53
Genfinance 5¼ 87	0¼	98⅞	99⅜	30/10	16.94	17.09
Genfinance 5¼ 92	0¼	98⅞	99⅜	30/12	18.31	18.47
Giro und Bank 5¼ 91	‡0¼	98⅞	99⅜	23/9	19.06	19.26
GZB 5½ 89	‡0¼	98½	98⅞	1/8	17.31	17.55
GZB 5¼ 92	‡0¼	98¼	98¾	5/9	17⅜	17.51
Ind. Bank Japan 5¼ 87	0¼	99¼	99¾	15/10	17.06	17.15
Ind. Bank Japan 5¼ 88	0¼	98¾	99¼	9/10	16.44	16.60
Lloyds Eurofin 8 90 £	0¼	97⅛	97⅝	6/1	13½	13.99
Lloyds Eurofin 5¼ 92	0¼	98¾	99¼	4/12	17.44	17.67
LTCB Japan 5¼ 86	0¼	99⅝	100⅛	13/12	17¼	17.27
Man. Hanov. O/S 5¼ 94	‡0¼	99⅜	99⅞	30/8	19.06	19.13
Merrill Lynch O/S 87	0¼	99⅞	100⅜	7/8	20.44	20.41
Midland Int. Fin. 5¼ 92	0⅛	98⅞	99⅜	5/12	17½	17.55
Midland Int. Fin. 9 91	0¼	98	98½	30/10	16.81	17.11
Nacional Fin. 6¼ 86	0¼	98⅞	99¼	25/7	17⅜	17.93
Nacional Fin. 5½ 88	0¼	96⅞	97¼	25/9	14⅞	15.34
Nat. Bk. Canada 5¼ 88	0¼	97¾	98¼	24/9	14½	14.80
Nat. West 5¼ 94	§0¼	97⅞	98⅜	14/10	16.19	16.52
Nat. West. 5¼ 92	§0¼	98	98½	23/10	16.81	17.11
Pemex 6 91	0¼	96⅞	97¼	8/10	15.31	15.79
Sparebanken 6 87	0¼	98⅛	98⅝	19/12	16.81	17.09
Standard Chart. 5¼ 90	0⅛	99⅜	99⅞	3/9	17.06	17.23
Svenska Hndlsbk. 5 87	*0¼*	99⅜	99⅞	15/7	17.81	17.92

Average price changes .. On day −0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	99⅝	100⅝	−0⅛	−0.23
Bow Valley Inv. 8 95	4/81	23.12	106⅜	108⅛	+3	9.23
Canon 6¾ 95	1/81	829	179¾	181	+0⅛	−1.23
Credit Suisse 4¾ 93	10/79	1235	79	81	−0⅜	−4.56
Digicon Fin. 8½ 95	10/81	29.5	96⅞	98⅜	0	19.20
Fujitsu 5½ 96	7/81	732	108⅜	109⅜	+2⅛	13.49
Furukawa Elec. 5¾ 96	7/81	300	103⅛	104½	+4⅛	0.74
Hanson O/S Fin. 9½ 96	8/81	2.74	91½	93	+1⅛	−1.21
Ina Overseas 8¾ 2000	4/81	42	103½	105	0	0.08
Inchcape 8 95	2/81	4.55	69½	71½	−0⅛	−4.70
Kotobukiya Co 7 96	4/81	619	†92	93½	0	−3.01
Marion Int. Fin. 9 95	12/80	15.5	76	77¼	+0¼	20.21
Marui 6 96	7/81	931	103⅜	104⅜	0	−1.72
Matsushita El 7½ 95	11/80	590	100½	101½	+0½	0.69
NKK 6½ 96	7/81	188	110⅞	111⅞	+1⅛	18.17
Ricoh 6¾ 95	8/80	604	167¼	168⅜	+7⅛	4.05
Sumitomo M. Ind. 7 95	2/81	181	145	145½	+1½	−0.09
Swiss Bk. Cpn. 6¾ 90	9/80	200	74	75½	−0⅜	30.62
Taylor Woodrow 8¾ 90	1/81	4.94	91	92¼	0	1.64
Transco Int. 8¾ 95	2/81	68	79	80¼	+0⅜	42.00
Tricorp 8½ 95	12/80	31.25	78	79½	−0⅜	14.48
Union Bk. Switz. 5 89	2/80	70.79	72¾	74½	−0⅞	4.65
Sharp Cpn. 6½ 88 DM	9/80	595	206⅜	207⅜	+6⅜	3.25
Uny Co. 6½ 85 DM	11/79	879.3	122½	123½	−0⅛	−2.16

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month *offered rate (‡ three-month; § above* mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Dr Johannes Völling

WestLB faces gap in leadership

By Stewart Fleming in Frankfurt

WESTDEUTSCHE Landesbank, West Germany's third largest banking institution with assets of DM 114bn ($46.7bn), could be without a chief executive for some time if, as expected, the resignation of Dr Johannes Völling, the present chief executive, is accepted by the bank's supervisory board at a meeting tomorrow.

Dr Völling, who in 1977 took over from the colourful and controversial Dr Ludwig Poullain, as WestLB's chairman, offered to resign late on Tuesday.

There has been speculation for some time that Dr Völling would not survive the plunge in WestLB's profits in 1980, when only the bank's building society division saved it from reporting a loss. The bank also failed to pay a dividend for 1980.

The bank's performance came as a shock to its owners, the State of North Rhine Westphalia and the savings banks associations in the state, because in December 1980 WestLB had predicted *that it would pay a dividend* and refuted reports that its profits had plunged catastrophically.

It was with these reassuring predictions in the background that the owners agreed *to subscribe an additional* DM 200m new capital to WestLB, only to discover later that the bank's performance was much worse than expected.

It is suggested that both the performance of the bank and the background to the new capital raising were factors which brought Dr Völling's continued leadership into doubt.

There appears to be no obvious successor within the bank, particularly since earlier this year Dr Walter Seipp, the deputy chairman, left to become chairman and chief executive of Commerzbank, which had also lost its chief executive as it emerged that its 1980 profits would not justify a dividend payment.

Heimann joins Wall Street investment firm

By Our New York Correspondent

MR JOHN HEIMANN, who resigned as Comptroller of the U.S. Currency earlier this year, has joined Warburg Paribas Becker (WPB) as chairman of its executive committee.

WPB is a joint international investment bank formed by Warburg, the London merchant bank, Paribas, the French bank, and A. G. Becker, the large Chicago-based investment firm. Mr Heimann will also join the board of S. G. Warburg and the advisory committee of the board of Paribas International.

Mr Heimann said yesterday that he was looking forward to working with WPB because the international partnership put it in a unique position to participate in worldwide financial activities.

In his six years in Washington, Mr Heimann, who is 52, was responsible for regulating the U.S. banking industry. Before that, he was New York State superintendent of banks, having come up through Wall Street.

Novo U.S. issue to raise $65m

NOVO INDUSTRI, the Danish pharmaceuticals and enzyme group, is to raise $65m through its planned issue of U.S. Depository Shares on the New York Stock Exchange.

The offering, which is being underwritten by a consortium lead by Goldman Sachs, will take the form of 1.8m shares at $36m each. The offer was initially to have been 1.5m shares.

Novo's pre-tax profits rose to DKr 87.5m ($12m) from DKr 50m for the first quarter of 1981, having risen by 73 per cent to DKr 239m last year. It becomes the first Danish company to have a listing on Wall

OTTAWA ALLEGES DOMESTIC PRICE FIXING

Canadian uranium groups face suit

BY ROBERT GIBBENS IN MONTREAL

THE CANADIAN Government has charged six uranium companies with conspiring to fix prices in the domestic market between September, 1970 and April, 1978.

The charges, stemming from a three-year investigation, relate only to domestic operations by the companies, though all of them, including two federal Crown corporations, took part in an international uranium cartel at the request of the Government between 1972 and 1975.

The Government has never denied the existence of the international cartel in which Canada participated with *France, Australia, South Africa* and certain international mining interests.

The six companies, all of them Canadian, are, Denison Mines, Gulf Minerals Canada, Rio Algom, Uranerz Canada, El Dorado Nuclear and Uranium Canada, the last two being government-owned corporations.

Denison is Canadian-controlled and the second largest producer of uranium oxide in Canada; Gulf Minerals is a subsidiary of Gulf Canada, in turn owned by Gulf Oil of the U.S., and operates a relatively small uranium mine in northern Saskatchewan. Rio Algom is the largest Canadian uranium oxide producer and is controlled by Rio Tinto Zinc of Britain; Uranerz is owned by the West German Urangesellschaft group of utilities.

The six are charged with violating the Combine Investigation Act and with "preventing or lessening unduly competition in the production, manufacture, supply in Canada of uranium oxide and other uranium products." The charges were laid in the Ontario provincial court in Toronto.

Eighteen other companies, mostly international concerns and Crown corporations, were named but not charged. Three individuals, including two former senior officials in the Federal Energy Department, were also named as participants in the alleged conspiracy.

The six companies could be liable to fines at the court's discretion, though such conspiracy charges have been extremely difficult to prove in Canada.

Investigation into the case was made by the Combines branch of the Federal Department of Consumer and Corporate Affairs, and was led by Mr Robert Bertrand, who recently resigned as combines chief, to become head of the anti-dumping tribunal.

His report was sent to the Justice Department two months ago but has never been made public. Over the past five years the Government has kept a tight lid on all information relating *to the international cartel* because of lengthy litigation in the U.S. which could have led to extra-territorial application of U.S. anti-trust laws to Canada.

The companies defence against the Crown's charges will probably depend on the Government's admitted role in the creation of the international uranium cartel between 1972 and 1978 and its requirement that the companies participate on the grounds that it was in Canada's public interest to encourage higher uranium prices.

Between 1972 and 1978 uranium oxide prices rose sixfold. The Government at the time argued that low prices for uranium were making mining operations in Canada uneconomic and threatening the lives of several small towns.

Canadian Combines law clearly permits special export price arrangements, but these are illegal if they apply to the domestic market. At the time the sole national domestic user of uranium oxide was Ontario Hydro, the provincial electricity concern, for *its nuclear power* station near Toronto. It paid the cartel price for its uranium oxide purchases, from 1972 to 1978 when the international cartel was operating.

Gulf Minerals, when the cartel arrangements were being set up, expressed strong reservations about the Federal Government's policy but later accepted the cartel's rules with reluctance.

Total in U.S. coal mine talks

BY TERRY DODSWORTH IN PARIS

THE FRENCH TOTAL oil group, Compagnie Francaise des Petroles (CFP), is negotiating to buy a U.S. coal mine owned by Harbert Corporation in Kentucky for about FFr 1.7bn ($294m).

The talks come shortly after Elf-Aquitaine, the other large French oil group, reached agreement on the acquisition of Texasgulf, a U.S. minerals company which Elf is aiming to develop in the energy field. Both deals underline the drive by French companies to build up their overseas energy resources, particularly in the U.S., which is regarded as a relatively safe and profitable supply base.

CFP, in which the Government has a blocking minority of 34 per cent, may call upon some *state* funds to help finance the deal. It will certainly require Government agreement, and M Granier de Lilliac, the chairman, is to see M Pierre Dreyfus, the Industry Minister, later this week to discuss the investment.

CFP already has two coal mines in the U.S., another two in South Africa, and one in Australia. But France, which is heavily dependent on South African, West German and Polish coal imports, is anxious to diversify its supplies even further.

The Harbert coal deposit is calculated to contain about 600m tonnes, of which 75 per cent is exploited through opencast methods. About 7m tonnes a year is produced at present, entirely for the U.S. market. CFP would like to expand pro*duction to 30m tonnes a year,* creating exports to Japan and Western Europe.

Seagram stays silent on Conoco

BY PAUL BETTS IN NEW YORK

SEAGRAM, the Canadian drinks group which last week made a $2.5bn offer to buy 41 per cent *of Conoco's stock at $73 a share,* yesterday continued its silence on Du Pont's cash and share offer for the U.S. oil company which is valued at more than $6.8bn.

But there were indications *that Seagram was waiting to see* how Du Pont shareholders respond to the chemical company's proposal to take over the ninth largest U.S. oil group.

Du Pont's offer involves a cash bid of $87.50 a share for 40 per cent of Conoco's stock and an exchange of 1.6 Du Pont shares for each of the remaining Conoco shares.

Based on Du Pont's share price of $51¼ before the deal was announced on Monday, the total value of the offer was $7.3bn. However, since the announcement of the deal, the Du Pont share price has dropped dramatically.

At a current price of $46 a *share, Du Pont's total offer for* Conoco has now dropped to $6.8bn. In view of the possibility that Du Pont's shares could drop even further, Seagram appears to believe it still has a chance in its efforts to acquire a controlling shareholding in Conoco.

Moreover, Conoco has also disclosed it was made a $85 a share offer by an unnamed company before it agreed to the Du Pont deal. That cash offer would have had a total value of $7.3bn and suggests there could be a serious rival in the market for the oil company.

Speculation has centred on Texaco, the third largest U.S. oil company, which has admitted it discussed a possible business combination with Conoco. But Wall Street regards it highly unlikely that Texaco would now make an unfriendly bid for Conoco.

This subsequently led to *rumours that Texaco was inter*ested in bidding for Cities Service, the integrated oil company which had considered earlier merging with Conoco. But Cities Service yesterday said it was not engaged in merger talks with any company.

"Cities Service is not engaged in any discussions of merger with Texaco or any other company, and we have no plans to do so," Mr Charles Waidelich, the Cities Service president, said yesterday.

But speculation that a number of second ranking U.S. oil groups could be targets of takeovers by larger oil companies or other U.S. or foreign concerns has fuelled hectic trading in stocks of companies such as Marathon Oil, Pennzoil and Cities Service, among others.

Fiat signs co-operation pact with Alfa

By Rupert Cornwell in Rome

FIAT, Italy's largest private group, and IRI, the state-owned conglomerate, last night signed outline agreements which could lead to far reaching co-operation between their car and steel divisions.

One understanding calls for Fiat and Alfa Romeo, the country's second biggest car *manufacturer which is con*trolled by IRI's Finmeccanica division, to set up a series of working groups to study areas where the two could collaborate in the components sector, to reduce duplication *and cut costs.*

A parallel agreement provides for Teksid, Fiat's loss-making special steel division, to carry out a feasibility study with Finsider, the holding company for IRI's steel interests. This could lead to the integration of the two concerns' cold rolled plate and special steels production.

A letter of intent covering the car sector was signed by Sig. Cesare Romiti, managing director of Fiat SpA, the holding company of the Turin-based group, and Sig. Franco Viezzoli, his opposite number at Finmeccanica. It makes clear that whatever the fruits of the co-operation, the two groups will retain "full design, production and commercial autonomy," and that no exchange of shareholdings is envisaged.

No exact indications were given of what financial outlays might be involved. But a jointstatement made it clear that activitation of the agreement would cause extra burdens for both companies, thus making it all the more important for the Government to push through its long-delayed package of state aid for the troubled car industry.

Both Fiat's car division and Alpha are losing money; and the common pressures of stagnant markets and tougher competition abroad are the *main reasons why they have* decided to sink the differences of the past.

The accord between Teksid and Finsider could, if anything, have deeper implications still. The statement emphasises that the initiative *is part of* efforts, at both national and EEC levels, to restructure the special steels sector.

Teksid and Finsider aim to improve plant utilisation, reduce wasteful duplication, and work more closely together in foreign marketing.

Yesterday's announcements have considerable symbolic importance. They are proof of the growing trend for increased collaboration between private and public sectors in Italy. This has already occurred in telecommunications, chemicals and the nuclear industry, and now looks set to be carried into steel and motor manufacturing.

Bastogi offers the public stake in construction unit

BY OUR ROME STAFF

BASTOGI, THE troubled Rome-based holding company, plans to sell 25 per cent of its construction subsidiary, Cogefar, to the public as part of a proposed group reorganisation.

Cogefar, capitalised at L30bn ($24m), last year reported profits of L5.9bn on sales of L365bn compared with 1979 earnings of L3bn. The shares will be made available to the public at L1,350 apiece, while the construction concern is also envisaging a L21bn convertible bond issue.

The operation, assuming it goes ahead amid the present disorder on the Milan bourse, should provide a welcome injection of fresh funds for Bastogi. Last year Bastogi reported a net loss of L13.8bn, almost double the deficit for the previous year.

The last few years have been difficult for Bastogi, which has never really recovered from the damage wrought by its involvement in Italy's ruinous chemical war. Its largest shareholder is the Italmobiliare Italcementi group of Sig Carlo Pesenti, but reports of obscure struggles for control have frequently surfaced in the Press here.

Sig Luigi Santa Maria, Bastogi's president, said yesterday that Bastogi intended to become a purely portfolio investment company, and withdraw gradually from direct management of its subsidiaries, which have combined sales of L1,100bn. The group also plans to revitalise its substantial property interests, valued at *more than L400bn.*

● Esso Italiana will invest L570bn ($470m) in the next three years, largely in its refining sector, the company said yesterday.

Between 1981 and 1984 it plans to spend L440bn on refining projects, including the development of energy-saving and anti-pollution systems. The remaining L130bn will be spent on marketing.

Between 1978 and 1980 Esso Italiana invested L100bn.

Identity card from American Express

By Our Banking Correspondent

AMERICAN EXPRESS is to issue temporary identification cards to travellers to North America who lose their travellers cheques and all forms of identification. The move is part of a package of measures launched by the world's biggest travellers' cheque company in an effort to maintain its dominant share of the market.

The development is based on research which shows that when travellers lose their traveller's cheques they often lose very *thing else such* as credit cards, cash and forms of identification.

American Express, in common with other travellers cheque companies, offers a full refund on lost or stolen cheques. However, it now plans to enhance this *service* by assisting travellers to cancel their stolen credit cards; make alternate travel arrangements; cash a personal cheque up to $200; and send a telegram to colleagues anywhere in the world.

Performance at Kellogg hit by weaker pound

BY OUR FINANCIAL STAFF

KELLOGG COMPANY, the U.S. breakfast cereals maker, expects to report a decline in second quarter net profits as a result of the weakening of sterling.

The company said that earnings would not match the $47.8m, or 63 cents a share, recorded in the corresponding period last year because of a currency exchange loss of 9 cents a share.

However, *the company expects* profits before taxes and other items for the period to be up from last year's $81.3m.

Kellog, the leading maker of breawfast cereals in the UK, earlier this year announced plans to make 300 workers redundant at its Manchester factory as a result of a re-equipment programme.

It said yesterday that its prepared cereal volumes outside the U.S. were at record levels, although in the U.S. its volume was down slightly for the first six months of the current year.

However, the company expects the introduction of new products to help it show some substantial gains for the full year.

Kellogg said its half-year net profits *should be up slightly* from last year's $97.4m, or $1.28 a sharde, after exchange losses of 13 cents a share. Profits before taxes and other items would be ahead of the 1980 level of $173.7m.

For the *first quarter* of the current year net profits were up from $49.7m to $52.2m, or from 65 cents a share to 68 cents.

Rapid growth continues at Joy Manufacturing

BY OUR FINANCIAL STAFF

THE STRONG growth already reported by Joy Manufacturing for the first two quarters of the current year has accelerated in *the third quarter,* with eanings ahead by 69 per cent.

Mr James W. Wilcock, chairman of the Pittsburgh-based producer of mining, petroleum and pollution control equipment, said the strong performance for the quarter was "practically all just excellent volume and operations. Everything was on target."

He said he expected the fourth quarter also to show a good performance, resulting in record sales and net profits for the year. Profits last year *totalled* $59.7m on sales of $934m.

Mr Wilcock said third quarter sales had risen by 11 per cent to $269.5m for the sharp jump in net profits to $23.9m, or $1.22 a share, from the $14.1m, or 72 cents a share, achieved in the same period of 1979-80. Both sales and profits were quarterly records.

For the nine months net profits rose by 45 per cent to $61.3m, or $3.13 a share, from $42.3m, or $2.16 a share. Sales totalled $792m, an advance of 16 per cent on the $682m run up last time.

Joy is a leading world manufacturer in its fields, with products ranging from continuous mining and long-wall mining machines to air compressors and drills and air power tools and pipe handling tools for the petroleum industry. It also makes ore processing equipment as well as pollution control devices.

Rise in yen lowers profit at Mitsubishi Heavy Industries

BY OUR FINANCIAL STAFF

JAPAN'S largest manufacturer of heavy machinery, Mitsubishi Heavy Industries, suffered a 4.5 per cent fall in consolidated net earnings for the year ended March, 1981. The company said that the main causes were the sharp appreciation of the yen against the dollar during the year and the heavy setback sustained by Mitsubishi Motors, dragged down by its ties with Chrysler of the U.S.

Mitsubishi's profit totalled Y22.13bn ($96.78m) compared with Y23.18bn in fiscal 1979, but sales rose 6.6 per cent to Y2,692bn ($11.77bn) from Y2,526bn. Earnings per share fell to Y9.26 from Y10.06 in the previous year.

The yen's appreciation, Mitsubishi said, resulted in a loss of Y11.3bn in contrast with an exchange gain of Y6.8bn during the previous financial year.

The heavy losses incurred by Mitsubishi Motors cut sharply into the consolidated results. Late in May the motor company reported a fall of 40.8 per cent in net profit as a result of its ties with Chrysler. This was despite an increase of 22.7 per cent in sales.

Mitsubishi Motors, which sells its car in the U.S. through Chrysler, saw its sales go down by 23 per cent in its largest overseas market because of Chrysler's deteriorating financial position. Mitsubishi financed exports of its own cars to the U.S. after Japanese banks suspended credit to the U.S. motor manufacturer and spent a considerable amount of money to support its U.S. partner.

During the year under review consolidated sales in the car division of Mitsubishi HI rose 16 per cent to Y1,272bn and accounted for 47.3 per cent of overall sales.

Amatil earnings sharply higher at halfway stage

BY OUR SYDNEY CORRESPONDENT

AUSTRALIAN tobacco and beverage group Amatil, of which BAT Industries of the UK hold some 40 per cent, lifted pre-tax earnings 32 per cent durng the six months to April 30 after significantly higher sales and a generally favourable trading climate.

An interim dividend of 10 cents a share on capital expanded by a one-for-five scrip issue made earlier this year, which effectively lifts the payout by 20 per cent.

While the group earned A$30.54m (U.S.$35m) before tax, a deceptively high tax bill resulted in a more moderate 14.3 per cent increase in operating profit from A$15.3m to A$17.5m. This was on a 16.5 per cent increase in sales from A$552m to A$543m.

The tax bill soared 97.7 per cent, from A$6.5m to A$12.9m, but this stems from tax benefits which applied in the previous corresponding period.

In the last full year, after-tax profits were boosted by the inclusion of A$8m in tax benefits, which distorts the size of this period's tax bill.

An extraordinary loss of A$5.2m also detracted from what amounted to an impressive trading performance. This loss arose largely from the decision to reduce the carrying value of the group's abattoir assets "to levels which more appropriately reflect present industry conditions."

Magnum in HK property deal

BY WONG SULONG IN KUALA LUMPUR

MAGNUM, the Malaysian lottery organisation, has bought the 24-storey Lockhart Centre, an office building in Hong Kong, for HK$120m (U.S.$22m). This is the third office purchase in Hong Kong made by Malaysian companies under the control of Datuk Khoo Kay Peng, the banker who is chairman of Magnum, in the past month. It brings the total outlay to a shade under HK$1bn.

Last month Malayan United Industries (MUI) made a deal to buy part of the 17-storey East Ocean Centre in Kowloon for HK$600m, while last week, Central Sugars, the 77 per cent subsidiary of MUI, said it would buy Advance Building in Hong Kong's central business district, for HK$270m.

Rupert Cornwell in Rome looks at the rationalisation policy aimed at restoring the Fiat group to profits

Fiat Allis—the tip of the iceberg

"WITH THE CAR industry in the state it's in, Fiat simply can't afford any longer to carry heavy losses in other sectors as well."

Those words of senior executives in Turin of the Italian motor group may be of little consolation to 460 workers who will lose their jobs on the closure of Fiat Allis' production plant at Essendine in Lincolnshire, but they are the unembroidered explanation of why Fiat's deficit-ridden construction machinery division has chosen to wind up its British operations.

Last year, in fact, Fiat Allis, in relation to turnover, was the heaviest lossmaker of the entire Fiat group. In 1980 total losses, on an effectively consolidated basis, came to an unprecedented L240bn ($198m). The overwhelming bulk of the deficit stemmed from three divisions: cars which accounted for L130bn ($107m); the Teksid steel sector with L43bn ($35.5m); and Fiat Allis.

If the last named's European and Latin American operations earned a net $6.1m, its North American business turned in a deficit of $54.9m. The overall loss of $48.8m (equivalent to L59bn at current exchange rates) came on a Fiat Allis turnover of L747bn, less than a tenth of that of Fiat's car division (L8,151bn in 1980).

Things now, however, may be on the mend. If Sig Giovanni Agnelli could hold out the prospect of a big improvement in Fiat group results in 1981 at last week's annual meeting of shareholders in Turin, that was less the consequence of any miraculous recovery of the struggling car division (which despite a major rise in productivity and an improved model range is expected to lose money this year as well, as the world's car slump goes on), than of turnrounds in other important divisions.

Dismal

Teksid, it is true, will continue to lose money, given the present dismal conditions on the international steel market, even though involvement in special steels may enable it to weather the storm better than many of its state-controlled competitors elsewhere. But two other of the group's previous problem divisions—both of them multinational—Sig Agnelli declared, are likely to return to the black this year.

One is Iveco, the heavy vehicle offshoot, with a turnover of L4,100bn, the second in its field in Europe behind Daimler-Benz of West Germany. Iveco should report a profit in 1981, thanks to a recovery at its Magirus offshoot in West Germany, and the slump of the lira against the dollar, which has made its products more competitive in the increasingly important markets of the Third World.

The other is Fiat-Allis, the result of a merger in 1974 of the earth-moving equipment division of Fiat and those of Allis-Chalmers of the U.S. this year, according to Sig Ferdinando Palazzo, managing director not just of Fiat-Allis but of Teksid as well, the concern should break even in North America. Assuming that Europe, in particular, and Latin America again make money, Fiat-Allis should for the first time in years turn in an overall profit.

But the process will be painful, as Essendine shows. It is no coincidence that both Sig Palazzo and Sig Giorgio Manina, his opposite number at Iveco, typify the new generation of hardnosed managers—most definitely players not gentlemen—who have moved in at Fiat as the Agnelli family has withdrawn from the management front line.

In the case of Fiat/Allis, Essendine was only the tip of the iceberg. To achieve the target to which Sig. Palazzo is committed—a 25 per cent cut in overall costs by the end of 1982—Fiat/Allis has embarked upon a sweeping rationalisation plan. Not just Essendine, but a plant in the U.S., the group's Argentinian production operations, and a factory in Northern Italy either have been, or are likely to be, closed down. When the process is complete, Fiat/Allis' workforce, well over 11,000 a couple of years ago, should be no more than 9,000.

The aims are basically threefold: to cut the workforce, reduce overcapacity, and boost productivity; to buy in raw materials and components as cheaply as possible; and to integrate Fiat/Allis into the overall structure of the Fiat group. On paper, indeed, the concern is already highly verticalised: from the steel of Teksid down through to engines from Fiat-Iveco.

Wind of change

The wind of change has been blowing hardest in the U.S., where earlier restructuration measures are now bearing fruit. When it is complete, a slimmed down Fiat/Allis, with 9 or 10 per cent of the world market, should be able to compete effectively with its two much bigger rivals: Caterpillar, with 50 per cent (60 per cent in the U.S. alone), and Komatsu of Japan with around 20 per cent.

Production will be in three countries only: the U.S., where machines of over 250 hp will be built, Italy (primarily the modern Lecce plant in the south) for smaller machines, and at Belo Horizonte in Brazil, which will concentrate on graders. Output previously from Essendine will be transferred to Italy with, Fiat/Allis hopes, considerable benefits in terms of costs and market share; and not only in Italy, but also in Britain and elsewhere in Europe.

Are these plans too ambitious? Many might say so given that the world market is still contracting. But Fiat/Allis, like Iveco, has had an unexpected windfall from the surge in the dollar. The 30 per cent rise of the U.S. currency against the lira has given the Italian concern a competitive boost, especially in developing world markets where its products have a natural outlet, and where prices are denominated in dollars.

Then there are the hopes of a major deal in the Soviet Union, on which a final decision will be taken this autumn. This would involve Fiat Allis handling the construction of an earthmoving machinery plant, which might also include licensing agreements as well.

On the face of it, what is happening with Fiat Allis might appear to give the lie to the rule that genuine transnational ventures are rarely successful (witness Dunlop/Pirelli and Agfa/Gevaert).

Promised cure

The early difficulties of the company probably partly reflected the problems of blending two cultures. Today, however, the basic financial relationship is changing. At the outset International Holding Fiat held 60 per cent and Allis Chalmers 40 per cent. Now, after an $86m capital increase, to which the Americans did not subscribe, the ratio is roughly 90:10. If the example of Iveco is anything to go by, where the minority German partner Kloeckner - Humboldt - Deutz (KHD) is disposing of its 20 per cent holding to a reluctant Fiat, the Turin group might one day find itself with 100 per cent control. But if the present medicine achieves the promised cure, that might be no bad thing.

Spanish bank shows 38% gain

BY ROBERT GRAHAM IN MADRID

BANCO SANTANDER, Spain's fourth largest commercial bank, has reported a 38 per cent increase in pre-tax profits to Pta 9.14bn ($100m). After Pta 2.2bn in taxes, the bank has set aside Pta 2.8bn to cover dividends and the remainder to reserves.

The bank's capital and reserves now stand at Pta 59bn, a 20 per cent increase on the previous year, largely due to a revaluation of existing assets.

Santander, run by Sr Emilio Botin, whose family is also the main shareholder, was one of three of the big seven commercial banks to increase its share of the market. Total deposits rose 23 per cent to Pta 542bn, giving Santander 6.5 per cent of the market.

The bank's profit was achieved after setting aside Pta 8.6bn to cover amortisations, portfolio write-downs and provision for doubtful debts. The bank was able to benefit from high interest rates inside Spain and the consolidation of its widespread international network, especially in North and South America, where it has ten banks.

● Bankunion, one of the two remaining independent industrial banks, has reported considerable progress in strengthening its financial base and in diversification into a "universal" bank. But it has decided to devote its Pta 879m pre-tax profit almost exclusively to reserves. The profit was after setting aside Pta 700m for doubtful debts and portfolio writedowns.

South African Firestone expansion

BY JIM JONES IN JOHANNESBURG

FIRESTONE, the South African tyre and rubber company, is to expand its operations at a cost of R53m (US$60m). The company is 25 per cent-owned by Firestone Tire and Rubber of the U.S. and 75 per cent by Fedstone, which is in turn 75 per cent-owned by Federale Volksbeleggings, the industrial holding company, and 25 per cent by Sanlam, South Africa's second largest insurance company.

The first phase of the expansion costing R22.5m is to take place over the next 15 months to increase the company's local manufacturing capacity by one third. Firestone does not reveal its operating results, but is thought to have about 27 per cent of South Africa's R400m ($460m) a year tyre market. At present, 15 per cent of the market is accounted for by imports.

According to Mr Peter Morum, Firestone's managing director, the company intends to take over as much as possible of the market sector served by imports. He believes that at least one third of the imported sector can be replaced by locally-manufactured products.

During the first phase, R17.5m is earmarked for expansion and modernisation of the company's Port Elizabeth tyre plant, and work is expected to start in August.

ASEA in synthetic fuel project

By William Dullforce in Stockholm

ASEA, the Swedish heavy electrical engineering group, announced yesterday that it was forming a consortium with Nynäs Petroleum and Storstockholms Energi to plan and design a SKr 2.5bn ($490m) synthetic motor fuel plant at the port of Nynäshamn, near Stockholm.

Nynäs Petroleum is a member of the Axel Johnson group and Storstockholms Energi is a municipality utility supplying power to the greater Stockholm area. Each will have a one-third share in the project.

The consortium will initially invest SKr 25m in a project study. Mr Per Hedvall, ASEA's technical director, said the decision whether or not to build the plant could be taken in two or two and a half years' time and it could be on stream by 1987 or 1988.

The plan is for a plant to produce enough synthetic motor fuel to replace roughly 10 per cent of the petrol currently consumed in Sweden. It would also supply hot water and synthetic fuel gas for district heating in the Stockholm area.

Voest-Alpine blames steel problems for heavy loss

BY PAUL LENDVAI IN VIENNA

VOEST-ALPINE, the Austrian heavy engineering and steel group, reports a loss of Sch 1bn ($58.5m) for 1980 and expects to stay heavily in the red in the current year.

The company, which is state-owned, made it clear at a press conference yesterday that the steel divisions are where its biggest problems lie. Voest is losing Sch 700 every time it produces a tonne of steel.

Herr Herbert Apfalter, the chairman, said that 1981 had got off to a bad start. The half-year results were "very, very unsatisfactory" and as a result Voest faced production cutbacks.

Consolidated turnover last year totalled Sch 58bn. Herr Apfalter repeatedly stressed that the losses were caused by the steel depression worldwide, rising energy costs and the lack of government subsidies. Had Voest received the same subsidies as its competitors in Italy, Belgium and Britain, its losses since 1975 would not have totalled Sch 6bn.

In view of the "catastrophic situation" on the international steel markets and of the impending wage round, the company will have to stop production in some sectors if it does not receive aid from the federal state. Each percentage point of wage increase costs Voest Sch 120m.

Herr Apfalter pointed out that Sch 9bn of sales were of products which Voest was not producing 10 years earlier.

Sales of steel last year dropped by 3 per cent to Sch 18.1bn. Output of crude steel dropped by 5 per cent to 4.09m tons. But the engineering division reported a 31 per cent rise in turnover to Sch 8.7bn. Exports rose by 6 per cent to Sch 21.8bn.

A "certain improvement" in business is expected during the second half of 1981. In heavy engineering and construction, Voest currently has an order book worth Sch 45bn.

A steel converter plant for East Germany accounts for Sch 13bn of total orders. Another major order centres on an integrated steel plant in Libya, worth Sch 14bn.

VONTOBEL EUROBOND INDICES

14.5.76 = 100%

PRICE INDEX	7.7.81	30.6.81	AVERAGE YIELD	7.7.81	30.6.81
DM Bonds	87.55	86.93	DM Bonds	10.371	10.478
HFL Bonds & Notes	90.78	91.13	HFL Bonds & Notes	11.208	11.152
U.S.$ Strt. Bonds	83.38	80.78	U.S.$ Strt. Bonds	13.478	13.432
Can. Dollar Bonds	83.31	83.45	Can. Dollar Bonds	13.707	13.701

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	14 %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½%	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9½% and over £50,000 10%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

Notice of Mandatory Redemption

The Rural and Industries Bank of Western Australia ("the Bank")

A$30,000,000 6½ per cent. Guaranteed A$/DM Bonds due 1987

1. NOTICE IS HEREBY GIVEN pursuant to the provisions of the Trust Deed dated 10th August 1972 constituting the above Bonds, that A$3,000,000 nominal of the Bonds is due for mandatory redemption on 15th August 1981. Pursuant to Clause 5(B) of the Terms and Conditions Applicable to the Bonds, 1,740 Bonds have been purchased by the Bank and A$1,740,000 has been credited against the amount due for redemption.

2. The serial numbers of the Bonds drawn for redemption are as follows:—

9	1706	3101	4517	6205	7707	9163	10852	12282	17219	18172	19294	20187	21317	22198	23106	24092	25265	26601	27716	28840
31	1747	3133	4521	6256	7712	9175	10865	12302	17235	18180	19304	20251	21365	22205	23122	24122	25285	26627	27743	28931
100	1765	3140	4528	6280	7746	9181	10866	12362	17261	18194	19322	20288	21381	22231	23144	24178	25288	26635	27763	28975
114	1772	3178	4561	6332	7790	9211	10889	12371	17267	18198	19333	20303	21393	22250	23167	24179	25294	26640	27787	28983
121	1776	3185	4563	6373	7832	9227	10891	12916	17272	18219	19365	20311	21407	22264	23176	24183	25321	26660	27802	29005
174	1789	3237	4577	6384	7849	9234	10892	12946	17282	18238	19377	20334	21424	22275	23177	24185	25324	26722	27809	29015
185	1828	3270	4604	6423	7850	9251	10896	13013	17286	18252	19405	20336	21438	22280	23179	24236	25326	26742	27844	29038
186	1844	3279	4605	6431	7872	9254	10902	13031	17291	18254	19420	20359	21450	22283	23189	24239	25329	26755	27853	29039
210	1845	3315	4654	6473	7873	9284	10999	13056	17324	18257	19421	20363	21452	22314	23193	24241	25345	26762	27863	29044
258	1852	3316	4667	6488	7809	9287	11003	13057	17337	18267	19426	20382	21453	22337	23216	24248	25417	26773	27864	29049
[illegible]																				
1462	2672	4142	5273	7141	8636	9700	12079	14780	17957	18816	19767	21012	21844	22796	23760	24910	26199	27320	28436	29584
1475	2724	4221	5295	7157	8655	9707	12086	14784	17958	18839	19808	21014	21858	22823	23813	24957	26249	27336	28448	29617
1490	2749	4222	5298	7271	8670	9720	12091	14787	17970	18849	19817	21019	21867	22838	23823	24959	26257	27352	28480	29686
1511	2759	4224	5306	7379	8678	9744	12092	15529	18001	18852	19828	21026	21870	22860	23827	25003	26303	27374	28500	29726
1529	2779	4242	5310	7384	8709	9786	12096	15537	18014	18865	19844	21033	21900	22914	23838	25019	26305	27376	28544	29740
1542	2780	4264	5311	7388	8723	9813	12099	15546	18028	18878	19874	21067	21925	22936	23854	25020	26324	27427	28547	29761
1564	2818	4265	5332	7423	8728	9822	12109	16103	18036	18975	19914	21098	21931	22953	23855	25033	26325	27434	28559	29774
1569	2888	4277	5338	7430	8761	9825	12135	16900	18037	18987	19945	21100	21944	22963	23951	25035	26331	27466	28563	29781
1574	2943	4295	5356	7439	8785	9830	12149	16904	18066	19029	19987	21112	21960	22969	23967	25040	26357	27501	28568	29858
1579	2947	4332	5380	7459	8831	9906	12152	16933	18105	19030	20004	21119	21961	22978	23972	25042	26365	27513	28574	29864
1588	2963	4369	5921	7462	8832	9912	12167	16953	18116	19084	20010	21156	21963	22988	23978	25118	26368	27611	28652	29868
1589	2968	4386	5927	7466	8836	9915	12173	16990	18119	19095	20015	21157	22008	22990	23990	25156	26385	27621	28665	29870
1617	2974	4404	5981	7481	8892	9920	12190	17002	18132	19106	20021	21183	22030	23013	24011	25183	26390	27624	28668	29893
1624	2976	4411	6004	7518	8898	9970	12194	17022	18147	19142	20027	21196	22035	23030	24015	25201	26397	27627	28675	29897
1630	2981	4436	6018	7520	9026	9971	12214	17023	18151	19144	20041	21205	22081	23037	24027	25203	26461	27630	28694	29920
1659	2994	4480	6020	7525	9053	10638	12237	17075	18156	19152	20066	21253	22083	23042	24028	25205	26478	27647	28726	29943
1660	3011	4486	6052	7569	9079	10674	12252	17088	18158	19180	20117	21266	22118	23053	24040	25206	26500	27653	28770	29947
1676	3018	4490	6068	7575	9083	10695	12261	17108	18160	19194	20141	21268	22154	23054	24043	25230	26509	27678	28772	29950
1678	3068	4492	6080	7597	9107	10696	12269	17165	18164	19232	20167	21284	22157	23073	24050	25233	26523	27684	28801	29974
1684	3079	4516	6160	7633	9143	10830	12272	17177	18165	19267	20170	21308	22162	23085	24066	25236	26575	27698	28832	29978

3. Interest in respect of the Bonds to be redeemed shall cease to accrue on the redemption date and will be payable to that date in accordance with the Terms and Conditions Applicable to the Bonds.

4. Payment of principal will be made at the rate of A$1,000 or, at the option of the bearer, DM3783.10 for each Bond.

5. Payment of Bonds to be redeemed in Australian Dollars will be made upon presentation and surrender thereof, together with all Coupons appertaining thereto maturing subsequent to the redemption date, at the main office of the National Bank of Australasia in London or, at the option of the bearer, at the main office of The Chase Manhattan Bank N.A. in London ("the Principal Paying Agent") or at its other offices, or at the other banks, set out below.

6. Payment of Bonds to be redeemed in Deutsche Marks at the option of the bearer will be made upon presentation and surrender thereof, together with all Coupons appertaining thereto maturing subsequent to the redemption date, at the main office of the Westdeutsche Landesbank Girozentrale in Düsseldorf or, at the option of the bearer, at the main office of the Principal Paying Agent or at its other offices, or at the other banks, set out below.

7. FOR PAYMENT IN DEUTSCHE MARKS, THE BONDS AND COUPONS APPERTAINING THERETO MUST BE DEPOSITED WITH THE PAYING AGENT FROM WHOM PAYMENT IS REQUIRED (TOGETHER WITH WRITTEN INSTRUCTIONS, WHICH SHALL BE DEEMED TO BE IRREVOCABLE, THAT SUCH PAYMENT SHALL BE MADE IN DEUTSCHE MARKS) NOT LESS THAN FOURTEEN DAYS PRIOR TO THE DATE OF MANDATORY REDEMPTION.

8. Bonds and Coupons shall be surrendered at the following offices:—

The National Bank of Australasia Limited, 6 Tokenhouse Yard, London EC2

The Chase Manhattan Bank N.A. Woolgate House, Coleman Street, London EC2P 2HD.

Westdeutsche Landesbank Girozentrale, 56 Friedrichstrasse, 4000 Düsseldorf 1.

The Chase Manhattan Bank N.A. One New York Plaza, 14th Floor, New York, N.Y. 10081.

The Chase Manhattan Bank N.A., 41 Rue Cambon, Paris 75001.

Banque de Commerce S.A., 51/53 Avenue des Arts, Brussels 1040.

Credito Italiano S.p.A., Piazza Cordusio, Milan.

Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg.

Nederlandse Credietbank N.V., Herengracht 458, Amsterdam 1002.

THE RURAL AND INDUSTRIES BANK OF WESTERN AUSTRALIA
By the National Westminster Bank Limited as Trustee

Dated: 9th July 1981.

WORLD STOCK MARKETS

Prime rate rise hits Wall St

A RISE in the prime rate to 20½ per cent initiated by Citibank pushed the market lower in moderate trading at mid-session.

The Dow Jones Industrial Average was down 7.52 to 946.63 at 1 pm, with declines outnumbering advances seven to six on volume of 32.12m (36.35m) shares. The NYSE All Common Index fell 0.28 to $74.11.

Several other major banks followed Citibank's action yesterday. Last week, Chase Manhattan Bank and First National Bank of Chicago were the first major banks to raise their rates to 20½ per cent.

The increase heightened investors' fears that interest rates would not decline in the near future, analysts said.

The key Federal Funds Rate remained high, rising to around 20 per cent from an opening 18¼ per cent.

The market is continuing to wait for some sign that the Federal Reserve will ease its monetary policy, following Tuesday's Federal Open Market Committee meeting.

Kellogg slipped ½ to $20⅞. It said it expects to report lower second-quarter profits because of foreign currency losses.

Among active issues, Prime Computer lost 1⅞ to $28⅜. Marathon Oil rose 1⅞ to $63¾ and Conoco was up ⅜ to $76¼. U.S. Steel declined 1½ to $26⅞.

THE AMERICAN SE Market Value Index was off 1.75 to 359.02 in light trading.

Day Mines added ⅜ to $22⅞. It accepted an increased takeover offer from Hecla Mining of 1.80 Hecla shares for each Day share. Hecla had previously offered 1.65 shares. On the New York Exchange, Hecla lost ⅜ to $13⅛.

Technical Tape eased ⅛ to $5⅞. It agreed to sell its Steadley Spring division for $6.5m.

Canada

Prices fell slightly with the *Toronto Composite Index* off 2.5 to 2,326.1 at noon on volume of 2.51m (2.93m) shares.

All but two of the 15 major exchange indices declined, led by Golds which fell 38.8 to 3,571.3. In the only advances, Real Estate and Construction added 33.1 to 9,278.5 and Oil and Gas rose 9.3 to 5,023.9.

Among the most active Industrials, Bow Valley Industries rose 1⅛ to C$24⅜. Canada Permanent Mortgage, which resumed trading yesterday, was unchanged at C$30⅜, and Noranda Mines was also unchanged at C$32⅞.

Closing prices for North America were not available for this edition.

Milan

The Treasury *Ministry* closed Italy's stock markets for the rest of the week following a collapse in share prices.

The collapse, which began last month, was caused by a flood of selling by speculators.

It was the first closure of the markets since Italy's military defeat at Caporetto in 1917 during the First World War.

Trading on the markets was suspended on Tuesday after a spate of early falls exceeded the 20 per cent limit decline.

Brokers later decided not to accept further business and to fix prices nominally unchanged from pre-weekend levels. Brokers said prices collapsed on almost total lack of buying interest and heavy selling after the National Bourse Commission's decision on July 3 to revoke its earlier ban on dealing for end-account settlement.

The Milan Stock Exchange Index fell by 4 per cent on Monday and has dropped 30 per cent since early June.

Germany

Leading shares recovered from lows after a generally weak opening as buying interest picked up towards the end of the session. The Commerzbank Index fell 4.2 to 732.10.

In Autos Daimler, having opened DM 4.5 down at DM 349, rose to DM 354 before settling back to DM 352. BMW put on DM 2.50 to DM 198, while VW ended DM 1.50 down at DM 163.50.

Preussag saw heavy trading ahead of going ex dividend today with shares rising DM 1.80 to DM 168.

Pharmaceutical Schering closed DM 10 down at DM 279, ex 10.50 overall dividend, while Hoechst finished DM 0.90 up at DM 127.6 and Bayer DM 0.80 down at DM 129.7.

Trading in Banks was quiet, with Commerzbank DM 2.50 down at DM 139 and Dresdner also DM 2.50 down at DM 151. Deutsche Bank was up DM 0.80 at DM 280.80. In Engineerings GHH was down DM 1.50 at DM 224.50, while Linde closed DM 1.50 higher at DM 355.50.

In mixed Stores Karstadt gained DM 2.30 to DM 236.30.

The Bundesbank bought DM 11.2m of public paper on the domestic bond market, after DM 2.1m on Tuesday, as prices fell by as much as DM 0.80.

Paris

Prices firmed slightly in quiet trading as operators awaited Prime Minister M Pierre Mauroy's statement to the National Assembly.

In firm Oils, CFP eased against the trend, falling 0.5 to FFr 97, after the Mexican Embassy said CFP and Pemex would resume oil supply negotiations on July 16.

In mixed Constructions, Bouygues gained 5 to FFr 651 after news that it and Marubeni-Hitachi won a FFr 4.5bn power station contract from Nigeria.

Tokyo

The Nikkei Dow Market Average recovered sharply by 89.91 to close at 7,916.38 on bargain hunting over a broad front, but failed to regain completely Tuesday's 100.89 loss.

The Tokyo Stock Exchange Index gained 6.68 to 588.48. Trading volume was light with caution over the record high level of outstanding purchases in margin trading.

High Technology issues related to optical fibres, industrial robots, machine tool and office automations were higher on selective buying, while Autos and Big Capitals recovered sharply from Tuesday's easiness.

Oils also rallied on news that the Trade Ministry is trying to support the domestic oil industry hit by the recent sharp yen fall against the U.S. dollar and falling consumption. Maruzen Oil added Y12 to Y170 and Daikyo Oil Y7 to Y208.

Major gainers included Sumitomo Elec Y24 to Y53[illegible], Furukawa Elec Y11 to Y82[illegible], Yasukawa Elec Y30 to Y61[illegible], Okuma Machine Machinery Y3[illegible] to Y538 and Ricoh Y41 to Y1,040.

Hong Kong

Stocks closed mixed in a thin half-day of trading with no new features affecting the market. The Hang Seng Index fell 4.[illegible] to 1,741.04.

Those going against the trend included Jardine Matheson rising 30c to HK$24.70, Shaw Bros. 50c to HK$10.50 and HK Telephone 60c to HK$27.30.

Australia

The market posted its second big loss in two days as interest rate-conscious sellers continued to mark down leading Mining and Industrial stocks.

The All Ordinaries Index slipped 6.6 to 674.7 for a two-day loss of 21.7, worth over A$1.5bn in market capitalisation.

However, scattered Resource-based issues showed some signs of recovery after bearing the brunt of Tuesday's sell-off.

BHP led the way with a 5c rise to A$14.60 while CRA gained 12c to A$4.12 and Woodside rallied from its year's low to finish 3c up at A$1.93.

Johannesburg

The stock market closed narrowly mixed in nervous trading led by Golds as the bullion price hovered around $400.

NEW YORK

CANADA

Stock	July 7	July 6
AMCA Intl.	24⅝	24⅝
Abitibi	25¾	26¼
Agnico Eagle	9½	9
Alcan Alumin	33⅝	33
Algoma Steel	42¾	42¾

BELGIUM (continued)

July 7	Price Frs.	+ or −
Petrofina	3,875	−135
Royale Belge	4,040	+20
Soc Gen Banq.	1,790	−10
Soc Gen Belge	920	....
Sofina	2,425	....

HOLLAND

July 8	Price Fls.	+ or −
ACF Holding	82	−1.5
Ahold	70.6	+0.5
AKZO	25.5	−0.5
ABN	301	−2
AMEV	59.3	+0.4

AUSTRALIA

July 8	Price Aust. $	+ or −
ANZ Group	5.24	−0.06
Acrow Aust	1.35	....
Allstate Expl	0.73	−0.02
Ampol Pet	1.50	−0.05
Assoc. Pulp Pap.	2.32	−0.05
Audimco	0.22	....

JAPAN (continued)

July 8	Price Yen	+ or −
Kubota	352	+2
Kumgai	351	−1
Kyoto Ceramic	4,050	....
Lion	410	−10
Maeda Cons.	339	−1
Makita	969	+19

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

BELGIUM/LUXEMBOURG

DENMARK

FRANCE

GERMANY

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

AUSTRIA

HONG KONG

JAPAN

SINGAPORE

SOUTH AFRICA

BRAZIL

Financial Rand US$0.81[illegible] (Discount of 26%)

COMMODITIES AND AGRICULTURE

EEC raises sugar exports

By Our Commodities Staff

BRUSSELS — The EEC Commission yesterday authorised the export of 91,520 tonnes of white sugar at a maximum export rebate of 13.29 European currency units per 100 kilos. It also authorised the sale of 11,000 tonnes of raws with a 12.019 ECU rebate.

The rate of subsidy granted was slightly higher than expected in view of the recent steady trend in the world market. At last week's export tender a maximum rebate of 15.932 Ecus was granted on the 78,490 tonnes authorised.

On the London futures market meanwhile prices fell back a little with the October quotation ending £2.40 down at £209.15 a tonne.

But traders noted a shortage of nearby supplies which led to the normal premium on the second position over the prompt delivery month disappearing.

A recent increase in demand for physical sugar for prompt delivery, particularly to the U.S., had absorbed surplus Thai sugar which had been overhanging the world market, they said. As a result premiums for physical sugar over futures had widened and some traders thought any large resumption of Japanese buying could find supplies in the far east insufficient to meet demand.

Farm skill conference

By Our Commodities Staff

MR PETER WALKER, the Minister of Agriculture, is to open a one-day conference entitled "The Promotion and Export of British Agricultural Expertise and Training" at Worcester College of Higher Education next Wednesday.

The conference, the first of its kind in Britain, arises out of a meeting called by Mr Walker last year to discuss the subject with representatives of various Government departments, universites and colleges.

Disease resistant jute

DACCA—Bangladesh scientists have developed a disease resistant strain of jute. The new variety is white in colour and, unlike other varieties, there is no wastage in cutting and extracting. Reuter

New bid to end Common Market lamb impasse

BY LARRY KINGER IN BRUSSELS

THE European Commission yesterday endorsed a plan that will severely test the will of both Britain and France on whether they are prepared to compromise in seeking an end to their long-standing quarrel over UK lamb exports to the Continent.

While the complex and highly technical proposals will not fully satisfy either side, the Commission's hope is that the measures will be accepted in the EEC's meat management committee on Friday with a minimum opposition.

However, the question remains whether the compromise is sufficient for Britain and France each to claim victory in principle or whether they will feel forced to make good past threats.

The most serious of these is the blocking by Mr Peter Walker, the British Agriculture Minister, of measures on cereals, wine and olive oil needed to implement decisions taken by the Council of Ministers at the annual farm price-fixing in April.

Mr Walker, who, in a gesture of goodwill, lifted his blocking of separate measures that came into force on the first of this month, maintains that he will not move further until the lamb issue is resolved fully to Britain's satisfaction.

On the other hand, Mme Edith Cresson, the French Agriculture Minister, insists that the issue can only be resolved by a full Council of Ministers, where France has a veto, and has threatened to take the Commission to the European Court of Justice if a compromise is pushed through the management committee.

Neither Britain nor France alone, nor together for that matter, can exercise a veto in the management committee, where a majority of the 10 member-states, whose votes are weighted by size of country, is needed to reject a Commission proposal.

Moreover, the Commission feels with growing confidence that most member-states support its efforts to end the row, which now has resulted not only in Britain's blocking the other measures, but has soured British - French - Commission relations at cabinet level and continues to hinder the UK's current term as President of the EEC Council of Ministers.

The Commission's compromise would adjust Britain's technical "market price," which would in turn reduce the "clawback" tax on British exports within the EEC and therefore increase profitability for the hard-pressed UK exporter.

But at the same time it would reduce the subsidy paid to many UK lamb producers, who would be reimbursed this year under temporary measures but not for lamb that is exported within the EEC.

Mr Walker feels he was promised no reduction in any subsidy, and Mme Cresson is demanding greater realignments in what she sees as Britain's unduly favoured marketing position.

Zambian strike lifts copper

BY JOHN EDWARDS, COMMODITIES EDITOR

NEWS THAT 10,000 workers on the Zambian copperbelt had gone on strike because of food shortages brought early gains in copper prices on the London Metal Exchange yesterday. At one stage the three-months wirebars price broke through the £900 barrier to reach £902.5 but profit-taking sales later brought the market back to close at £899.5 a tonne, £5.25 up on the previous day. Cash wirebars closed £5.75 higher at £875.25. The fall in gold to below $400 was largely offset by the renewed weakness of sterling against the dollar.

Meanwhile, the International Wrought Copper Council, which represents consumers, forecast in its annual report out yesterday that world surplus supplies of refined copper would be 87,000 tonnes during the second half of the year. It said this surplus would offset the production deficit in the first half of the year. Refined consumption is predicted to rise by only one per cent to 7.34m tonnes this year and refined output is expected to rise by 3 per cent to 7.29m tonnes.

Our foreign staff writes: The 10,000 workers on Zambia's economically vital copperbelt have gone on strike over food supplies, a spokesman for the state-owned Nchanga Consolidated Copper Mines (NCCM) confirmed yesterday.

NCCM and Roan Consolidated Mines (RCM) have a workforce of 55,000 producing some 600,000 tonnes of copper annually, which accounts for over 90 per cent of foreign exchange earnings. The copperbelt is also a traditional stronghold of opponents of President Kenneth Kaunda. An eight-day strike in January this year stemmed from a long running dispute between government and the Mineworkers Union of Zambia.

There have been intermittent shortages of maize meal, the staple food, in recent weeks and the mining companies have supplied emergency provisions in some towns, including the mine of Konkola on the Zaire border, where 8,000 miners are on strike.

The company ended the emergency provisions, saying that supplies were back to normal, but the move prompted the miners' action with a further 2,000 workers from Rokana Mine 40 miles away walking out.

Police used tear gas to disperse miners on Tuesday, and three people are reported to have been injured. Talks aimed at ending the dispute are under way.

● Cash lead gained £9.75 to £396.5 a tonne—its highest level since April 1980. Significantly the cash price is now at a premium to three months quotation indicating a shortage of supplies immediately available to the market.

Zinc values also rose sharply in early trading, but then came back sharply on heavy profit-taking to close only marginally higher.

Guenther Sassmannhausen, managing board chairman of Preussag, said yesterday he doubts whether the present $925 per tonne European zinc producer price can be maintained, reports Reuter.

Cocoa price rise halted

By Our Commodities Staff

THE UPSURGE in cocoa futures values ran out of steam yesterday but not before nearby prices on the London futures market had been pushed to their highest levels for almost a year.

Hopes that France might succeed in persuading the Ivory Coast, the world's biggest cocoa producer and a former French colony, to join the International Cocoa Agreement at talks in Paris today were largely responsible for the morning's advance. This lifted the September futures position to £1,080 a tonne at one stage, taking the rise in the last six trading days to £226.50.

France's enthusiasm for the Ivorians to end their opposition to the pact tended to be confirmed yesterday when the Minister for Overseas Co-operation was quoted in Le Monde as saying that his country wanted multilateral agreements between developed and developing countries to stabilise raw materials prices. Bilateral and multilateral agreements should be reached rapidly for each raw material, he said.

But some London traders remained doubtful about the possibility of the Ivory Coast being open to persuasion on this matter. They pointed out that it had never been happy to hand over control of its marketing policy to outsiders and in any case appeared implacably opposed to the 110 cents a lb floor price the pact would seek to defend.

These considerations may have played a part in the dramatic late decline that left September cocoa £3.50 down on the day at £1,043 a tonne.

Producer sales, including some from the Ivory Coast, encouraged the fall which dealers thought was mainly due to the market having become overbought.

Coffee prices also fell sharply in the afternoon after rising earlier. The September position reached £776 a tonne during the day but ended £35 down at £733.50 a tonne.

The fall was thought to be due to continuing uncertainty about Brazil's future export policy with a sharp cut in the official minimum export price being rumoured.

HERRING FISHING

Revival of the great British kipper

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE HERRING Industry Board yesterday predicted a resumption within weeks of herring fishing in parts of the North Sea and the West of Scotland heralding a revival of the kipper on British tables.

UK and EEC regulations were brought in barring herring fishing in the North Sea in 1977 and off the West of Scotland the following year because of serious overfishing.

But Dr William Lyon Dean, chairman of the Herring Industry Board, in presenting the annual report said that a private survey commissioned by the EEC pointed to a recovery in herring stocks in southern sectors of the North Sea fishing grounds and around the Minches off the West of Scotland. Recovery was not as noticeable in northern sectors of the North Sea.

The survey's findings are expected to be endorsed by scientists attending the current meeting of the International Commission for the Exploration of the Seas and the board expects the European Commission to announce shortly a partial reopening of fishing grounds for herring.

Since the ban, herring, mainly in the form of kippers or as marinated herring, have been imported, chiefly from Canada. The Herring Board insisted that fish stocks off Scotland offer superior quality with higher oil content and greater freshness.

Herring stocks have steadily declined since the turn of the century. In 1914 nearly 577,000 tonnes of the fish were landed and the greatest catch since World War Two for one year only reached 285,000 tonnes.

In 1973 landings totalled 157,000 tonnes, a figure which the herring industry hope to reach again in a few years time. In 1980 about 5,200 tonnes of herring were brought ashore by British fishermen from the few grounds still open to them. Small amounts of herring were also caught in areas off the Clyde and off the Isle of Man which were exempted.

Dr Lyon Dean predicted that UK fishermen could still land 42,000 tonnes of fish this year from off the West of Scotland and about 30 per cent of the catch caught by all fleets from the southern sectors of the North Sea once the go-ahead has been given to resume fishing.

Revenue this year from herring fishing he thought could reach between £18m and £20m. Prices meanwhile "had not risen madly" but levels were enough to encourage fishermen to resume herring fishing.

The annual report was the last one to be issued by the Herring Industry Board which in about three months' time is to be merged with the Whitefish Authority into a new Sea Fish Industry authority based in Edinburgh. The semi-official body no longer has its original powers of licensing both to fishermen and to the trade due to EEC regulation. Its new role will be one of trade promotion, research, distributing grants and as a watchdog to government fishing policies within the EEC.

Dr Lyon Dean said that the new Sea Fish Industry Authority would continue to fight for conservation and press for the proper policing of fishing regulations by the fisheries protection vessels.

But the European Commission needed to act quickly to bring in measures to preserve fish stocks.

The board would also continue to press for the advice of scientists to be heeded about the future levels of fish stocks.

When the North East Atlantic Fisheries Commission was responsible for conservation of fishing stocks in the 1960s, scientists warned to the danger of herring stocks. But member countries then used these so-called total available catch levels as a minimum to plead for exemptions and continue to catch two or three times the amount.

The Sea Fish Industry Authority plan to launch a publicity campaign to promote herring once the all clear is received from Brussels, according to the board.

Rain helps Russian grain crop

WASHINGTON — Rains in European areas of the Soviet Union at the beginning of July may have come just in time to minimise crop damage in the less severely-stressed areas, but there is still considerable concern for winter grain crops in the southern-most European USSR oblasts, the U.S. Agriculture Department's counsellor in Moscow has reported.

He said official Soviet comments on the continuing severe situation in Odessa and Krimsk oblasts in the Ukraine and the Lower Volga indicate substantial damage may have occurred in these areas prior to last week's relief from the heat.

Recent Soviet press reports played down the heat wave and its impact on farming, but there were repeated comments that it was one of the longest and most severe on record, the report said.

Reuter

It was predicted that Soviet grain production would fall below 200m tonnes, and could even be as low as 175m.

A poor Soviet grain crop this year would force the USSR to buy processed agricultural products, as well as grains, exports said, adding "such purchases will soon be initiated with the bulk of the shipments to begin in early 1982 because Soviet receiving capability is now nearly committed for import purchases made in late 1980 and early 1981.

It seemed likely Argentina could sell an additional 500,000 to 750,000 tonnes of 1981 crop wheat to the Soviet Union.

K. K. Sharma in New Delhi writes: the Indian Government is making inquiries about the price of wheat in the U.S. and indications are that large-scale imports may be made this year,

BASE METALS

BASE-METAL PRICES gained ground on the London Metal Exchange with prices buoyed by the fall in sterling. Copper was traditionally boosted by news of a strike at Nchanga in Zambia: three months touched a day's high of £902.5 before closing at £899.5. Lead surged ahead to £397 on heavy stop-loss buying and closed at £395.5. Zinc gained ground but finished well below the day's highs to close at £452.5. Tin reflected the rise at Penang, currency considerations and the absence of any selling late in the day to end at £6,850. Aluminium was finally £825.5 and Nickel £3,310.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	877-8	+12.1	875-.5	+5.75
3 months	902-.5	+11	899-900	+5.25
Settlem't	878	+12.5	—	......
Cathodes				
Cash	871-3	+15.	868-70	+5.75
3 months	893-.5	+13.5	890-1	+5.75
Settlem't	873	+14	—	......
U.S. Prod	—		*83.5-7	......

Amalgamated Metal Trading reported that in the morning three-months wirebars traded at £900, 01, 900.5, 900, 01, 02, 02.5, 03, 02.5, 02. Cathodes, three months £893. Kerb: Wirebars, three months £901.5, 02, 01, 900.5. Afternoon: Wirebars, cash £876.5, three months £900, 900.5, 901, 900.5, 900, [illegible]

Tin—Morning: Standard, cash £6,710, 05, 6,709, 05, three months £6,780, 75, 80, 6,800, 6,795, 90. Kerb: Standard, three months £6,785, 90. Afternoon: Standard, cash £6,720, three months £6,780, 90, 6,800. Kerb: Standard, three months £6,830, 40, 50, 60. Turnover: 755 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	397-8	+15.7	396-7	+7.75
3 months	395.5-6	+12	395.5-6	+9.62
S'ment	398	+14		
U.S. Spot	—	......	*38	......

Lead—Morning: Cash £395, 96, 97, three months £391, 93, 94, 93.5, 93, 93.5, 94, 95, 94.5, 94, 94.5, 95, 96, 97, 96. Kerb: Three months £396, 95.5, 95, 94.5, 94, 93.5, 94, 95, 94.5, 95. Afternoon: Cash £397, three months £395, 95.5, 96, 97, 96.5, 96, 95.5, 96. Kerb: Three months £396, 95.5, 96, 95, 94. Turnover: 13,300 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	465.5	+4.75	452-4	+1
3 months	458-9	+6.75	455-.5	+1
S'ment	456	+6	—	......
Primw'ts	—	......	*45.5	......

Zinc—Morning: Cash £456, three months £461, 60, 59.5, 60, 61, 61.5, 61, 60.5, 60, 59.5, 59. Kerb: Three months £458, 57, 56, 55, 54, 54.5, 54, 55, 55.5, 55. Afternoon: Three months [illegible] 24.5, 24, 23.5. Kerb: Three months £825.5. Turnover: 4,500 tonnes.

[illegible]

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3260-70	+47.5	3035-10	-82.5
3 months	3270-5	+35	3315-20	-69.5

Nickel — Morning: Three months £3,270, 75. Kerb: Three months £3,270. Afternoon: Three months £3,280, 90, 3,300, 10, 20, 15. Kerb: Three months £3,315, 3,300, 05, 10. Turnover: 438 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 0.15p an ounce lower for spot delivery in the London bullion market yesterday at 441.85p. U.S. cent equivalents of the fixing levels were: spot 832.7c, down 14.6c; three-month 868.8c, down 16.3c; six-month 906.1c, down 13.4c; and 12-month 974.0c, down 14.5c. The metal opened at 436-440p (825-835c) and closed at 442-446p (835-850c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	441.85p	-0.15	445.0p	-2
3 months	455.50p	-0.50	458.5p	-2.5
6 months	470.70p	-0.10	—	......
12 months	502.30p	-0.10	—	......

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

WOOL FUTURES

[illegible]

GAS OIL FUTURES

Prices remained steady on generally light trading. Technical buying was still present, but the trade, with a weakening physical market, remained reluctant to buy at these levels, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
July	291.00	+2.25	291.00-88.50
August	290.25	+0.25	290.50-88.50
September	292.00	+1.25	292.25-90.00
October	296.00	+1.00	296.00-94.50
November	300.25	+0.50	—
December	304.50	+1.00	305.00-05.00
January	307.50	......	305.00-05.00
February	312.50	+0.50	—
March	314.25	+2.00	314.25-14.25

Turnover: 793 (1,451) lots of 100 tonnes.

GRAINS

The market opened 20p lower on wheat and barley, wheat values eased on hedge selling pressure in fairly quiet trading conditions. Barley saw further selling pressure on the nearby options but some buying interest towards the close steadied values slightly, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Sep	99.70	-0.15	94.90	-0.55
Nov	103.40	-0.35	98.85	-0.50
Jan	107.40	-0.45	102.90	-0.20
Mar	111.20	-0.20	106.35	-0.25
May	114.85	-0.25	109.55	-0.45

Business done—Wheat: Sept 99.85-99.50, Nov 103.60-103.40, Jan 107.60-107.40, Mar. 111.15-111.10, May 114.85 one trade. Sales: 73 lots of 100 tonnes. Barley: Sept 95.00-94.80, Nov 98.95-98.75, Jan 102.80-102.70, Mar 106.05 one trade, May 109.60-109.55. Sales: 161 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark [illegible]

SOYABEAN MEAL

The market opened slightly easier in thin trading conditions, reports T. G. Roddick. Prices found trade support and the market rallied sharply late in day.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	136.50-37.0	+2.80	136.00-35.50
October	141.40-41.5	+3.20	141.50-38.20
December	145.50-46.0	+2.55	147.00-42.50
February	148.50-48.5	+2.50	—
April	149.00-52.0	+3.00	—
June	149.00-53.0	+2.25	—
August	150.00-55.0	+2.50	—

Sales: 128 (177) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £216.00 (£210.00) a tonne cif July-Aug shipments. White sugar daily price £237.00 (£235.00).

The market opened around overnight levels and later moved higher. Heavier offerings again developed at the highs and all the gains were lost by the close, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug	208.05-08.25	210.50-10.70	212.00-08.50
Oct	209.05-09.25	211.50-11.90	212.50-08.75
Jan	209.00-09.20	211.00-11.50	212.00-08.75
March	211.80-11.90	215.75-14.20	215.00-11.50
May	215.50-15.70	216.50-15.75	216.25-15.75
Aug	216.50-16.00	216.25-16.75	217.50-15.50
Oct	216.50-17.00	217.50-18.50	—

Sales: 7,281 (5,954) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £369.4 (same) a tonne for home trade and £325.0 (£318.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 7: Daily price 16.03 (15.93); 15-day average 15.74 (15.73).

POTATOES

[illegible]

RUBBER

[illegible]

MEAT/VEGETABLES

[illegible]

COTTON

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	July 8 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£818/815
Free Mkt	$1145/1175	+10	$1255/285
Copper			
Cash w'bar	£875.25	+5.75	£867.75
3 mths	£899.5	+5.25	£892.25
Cash Cathode	£869	+5.75	£861.25
3 mths	£890.5	+5.75	£882.25
Gold troy oz	$398	-9	$465.5
Lead Cash	£396.5	+9.75	£360.5
3 mths	£395.75	+9.625	£367.75
Nickel	£3,850.58	......	£3,504.50
Freemkt	275/295c	......	275/285c
Platin'mtr'y oz	£247.0	......	£247
Freemkt	£207.15	-2.55	£225.80
Quicksilver†	$420/430	-2.5	$425/435
Silver troy oz	441.85p	-0.15	519.10p
3 mths	455.50p	-0.50	535.10p
Tin Cash	£6,725	+80	£6,440
3 mths	£6,815	+77.5	£6,555
Tungsten 22.04lb	$143.64	......	$143.75
Wolfrm 22.04 lb	$148/152	......	$144/148
Zinc Cash	£453	+1	£415
3 mths	£455.25	+2.5	£418.75
Producers	$925	......	$925
Oils			
Coconut (Phil)	$575w	......	$560
Groundnut	‡	......	‡
Linseed Crude	£452	......	£442
Palm Malayan	595z	......	‡
Seeds			
Copra Philip	$555w	+5	$375
Soyabean (U.S.)	$298z	......	$295
Grains			
Barley Fut. Sep	£98.85	......	£95.00
Maize	‡	......	£128
Wheat Fut. Sept	£103.40	......	£100.70
No2 Hard Wint	£117.75	+1.75	£112.25
Other commodities			
Cocoa ship't*	£1069	-3	£911.00
Future Sept	£1043	-3.5	£850.5
Coffee Ft' Sept	£733.5	-35	£888.5
Cotton A.Index	86.60c	+0.5	86.70c
Gas oil Aug	$290.25	+0.25	$272.25
Rubber (kilo)	50.25p	+2.25	50p
Sugar (Raw)	£216w	+5.0	£209.00
Wooltp's 64s kl	[illegible]	......	352p kilo

‡ Unquoted. y Aug-Sept. w July-Aug. x Sept. † Per 76-lb flask. *Ghana cocoa. [illegible]

AMERICAN MARKETS

NEW YORK, July 8.

PRECIOUS METALS rallied late in the day after the Federal Reserve added funds to the money supply. The livestock complex collapsed on technical selling despite firm indications in the cash markets. Coffee prices closed near the day's highs on short-covering. Grains and soyabeans rallied sharply on Indian wheat purchases and on an adverse weather forecast for the USSR. Cotton was lower because of heavy pressure on the spot delivery months, reported Heinold.

Copper—July 75.90 (75.15), Aug 75.75 (76.10), Sept 76.90-77.00, Dec 80.40-80.60, Jan 81.65, March 83.90, May 86.00-86.20, July 88.20, Sept 90.30, Dec 93.40, Jan 94.45, March 96.55, May 98.65.

*Gold—July 403.2 (405.7), Aug 405.5-408.0 (409.5), Sept 412.2, Oct 416.0-417.5, Dec 426.0-428.5, Feb 438.2, April 448.5, June 458.9, Aug 470.0, Oct 479.8, Dec 483.0-488.5, Feb 501.3, April 512.1.

*Platinum—July 392.0-393.0 (391.8), Aug nil (nil), Sept nil, Oct 405.5-409.5, Jan 422.8, April 438.3, July 453.8, Oct 469.3.

Potatoes (round whites)—Nov 73.7-73.8 (70.1), Feb 80.5-81.0 (76.8), March 85.0, April 95.1. Sales: 2,221.

¶Silver—July 870.0 (849.0), Aug 875.0 (858.0), Sept 881.0-890.0, Dec 920.0-930.0, Jan 935.5, March 959.0-960.0, May 984.5, July 1029.0, Sept 1032.5, Dec 1072.0-1082.0, Jan 1081.0, March 1105.0, May 1129.0. Handy and Harman bullion spot 829.00 (853.00).

Sugar—No. 11: Sept 15.65-15.69 (16.10), Oct 15.83-15.85 (16.25), Jan 16.00, March 16.30-16.35, May 16.60-16.65, July 16.90-16.95, Sept 17.10, Oct 17.25.

Tin—580.0-585.00 (578.00-587.00).

§Wheat—SCWRS 254.92 (251.82).

CHICAGO, July 8.

Lard—Chicago loose 20.25 (same).

Live Cattle—Aug 64.95-64.87 (66.02), Oct 62.0-62.05 (62.97), Dec 62.90-62.85, Feb 63.75-63.85, April 64.90, June 65.95.

Live Hogs—July 53.20-53.10 (54.17), Aug 51.85 (53.35), Oct 49.67-49.67, Dec 51.80-51.80, Feb 53.20, April 52.37, June 55.25, July 55.50, Aug 53.65.

‡‡Maize—July 342½-343 (341¼), Sept 355-354¼ (353¾), Dec 365-366, March 378½-379, May 386, July 389½-390½.

Pork Bellies—July 47.32 (49.32), Aug 47.25 (49.25), Feb 64.67, March 64.90, May 66.00, July 67.10, Aug 66.80.

†Soyabeans—July 736 (722¼), Aug 746½-744 (732), Sept 755, Nov 779-777, Jan 796-796½, March 817, May 834-835, July 849.

‖Soyabean Meal—July 212.5-213.0 (210.0), Aug 213.0-213.8 (211.3), Sept 216.0-217.0, Oct 219.5-220.0, Dec 226.5-226.0, Jan 229.0-229.5, March 236.5-237.0, May 240.0-240.5, July 244.0-245.0, Aug 244.5-245.5.

Soyabean Oil—July 23.35 (22.41), Aug 23.60-23.65 (22.74), Sept 24.00, Oct 24.35-24.40, Dec 25.00-25.05, Jan 25.35, March 25.95, May 16.40, July 26.75-26.85, Aug 26.75-26.85.

†Wheat—July 408½ (394), Sept 422-421 (409¼), Dec 452-451, March 474-473½, May 486, July 493.

WINNIPEG, July 7

§Barley—July 140.00 (139.00), Oct 134.90 (134.50), Dec 135.20, March 136.40, May 138.20.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § SCan. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

††Cocoa — July 1825 (1742), Sept 1869 (1781), Dec 1964, March 2032, May 2067, July 2096, Sept 2141, Dec 2191. Sales: 3,333.

Coffee—"C" July 95.00 (98.25), Sept 91.21-91.50 (95.21), Dec 88.90-87.00, March 84.00-84.50, May 83.00-84.50, July 83.00-84.00, Sept 83.10-84.00, Dec 80.60-84.50. Sales: 2,369.

Cotton—No. 2: July 83.05-83.15 (85.05), Aug 81.50-82.00 (83.00), Oct 79.00, May 80.00-80.40, July 81.05, Oct 79.86-80.10, Dec 78.75-78.90. Sales: 4,500.

Heating Oil (cents per U.S. gallon)—Aug 0.9241 (0.9235), Sept 0.9343 (0.9381), Oct 0.9480, Nov 0.9680, Dec 0.9859, Jan 0.9991, Feb 1.0160, March 1.0300, April 1.0375, May 1.0410, June nil, July 1.0325, Aug 1.0450. Turnover: 4,297.

Orange Juice—July 121.30 (120.00), Sept 124.80 (123.70), Nov 129.00, Jan 132.55-132.90, March 134.30-134.60, May 135.90-136.50, July 137.50-138.00, Sept 139.10-139.40, Nov 140.70-141.20. Sales: 1,600.

NEW ORLEANS—Milled Rice Futures (cents per cwt. of U.S. No. 2 long grain): Sept 2355 (2385), Nov 2310 (same), Jan 2340, March 2381, May 2415.

WINNIPEG, July 7.

Chicago Imm Gold—July 404.5 (399.8), Aug 409.8 (404.3), Sept 414.0-413.5, Oct 418.7, Dec 428.5-428.5, Jan 434.0, March 445.5, April 449.7, June 460.2, July 465.5.

EUROPEAN MARKETS

ROTTERDAM, July 8.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent July 204, Aug 208, Sept 209. U.S. No. Two Red Winter July 151, Aug 155. U.S. No. Two Northern Spring 14 per cent July/Aug/Sept 197.50, Oct 202, Nov 206.

Maize—(U.S. $ per tonne): U.S. No. Three Corn Yellow afloat 158, July 156.50, Aug 157, Sept 159, Oct 161, Nov 161.50, Dec 165, Oct/Dec 162.50, Jan/March 171.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports Aug 292, Sept 294, Oct 298.25, Nov 298.50, Dec 305.50, Jan 310.50, Feb 315.50, March 320.50, April 326, May 328.75. —Argentine July 287, Aug 289 sellers tradeless.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S. July 246 traded, afloat 247, Aug 252, Sept 255, Oct 258, Nov/March 259 sellers. Brazil Pellets afloat July 250 traded, Aug 258, Sept 260, Oct 270.50, Nov/March 284.

PARIS, July 8.

Cocoa (FFr per 100 kilos)—July 1140 bid, Sept 1186-1189, Dec 1196-1214, March 1222-1223, May 1245 bid, July 1265 bid, Sept 1278 bid. Sales at call: One.

Sugar (FFr per tonne)—Aug 2575-2590, Oct 2400-2405, Nov 2385-2410, Dec 2350-2380, March 2435-2445, May 2455-2485, July 2460-2515, Aug 2480-2540. Sales at call: Nil.

INDICES

FINANCIAL TIMES

July 7	July 6	Month ago	Year ago
253.97	254.34	251.19	271.70

(Base: July 1, 1952=100).

MOODY'S

July 7	July 6	Month ago	Year ago
1067.4	1068.2	1083.9	1184.7

(December 31, 1931=100)

DOW JONES

Dow Jones	July 7	July 6	Month ago	Year ago
Spot	371.70	380.81	382.88	418.83
Fut'r's	382.56	391.02	383.83	439.17

(Average 1924-25-26=100)

REUTERS

July 8	July 7	M'nth ago	Year ago
1798.1	1786.4	1753.3	1676.0

(Base: September 18, 1931=100)

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.80-£5.50; codlings £2.00-£3.00; Haddock, large £3.30-£4.40, medium £3.30-£4.00, small £2.20-£3.00; Plaice, large £5.70-£8.20, medium £5.00-£6.20, best small £3.80-4.90; Skinned dogfish, large £8.00, medium £2.50-£4.00; Lemon soles, large £8.00, medium £7.50; Rockfish £7.80; Reds £1.80-£2.60; Saithe £1.20-£2.60.

Colin Chapman reports on the rise of Robert Holmes à Court

The 'profitable loser' from Perth

ROBERT HOLMES A COURT, the quiet millionaire from Perth, who has just bought a major stake in Lord Grade's Associated Communications Corporation, is known in Australian business circles as "the profitable loser."

The South African-born entrepreneur may not much care for the title; but it is none the less apt. His particular speciality is to make a bid for a company with popular and commercial appeal, thereby exciting rivals into action, who somehow or other always beat him to it.

Mr Holmes à Court then withdraws gracefully, without publicity but with a good profit. Those institutions in which he has at one time had an interest in acquiring include The Times of London and Rolls-Royce Motors. But the operations which perhaps were the most profitable, were his unsuccessful attempts to buy Ansett Airlines of Australia (won by Mr Rupert Murdoch's News Corporation and Sir Peter Abeles's Thomas Nationwide Transport) and the pastoral house Elder Smith Goldsbrough Mort (won by Carlton and United Breweries).

It should be said, of course, that Mr Holmes à Court does not always withdraw. For example, he owns 4.5 per cent of Vickers, and a 5 per cent holding in Rugby Portland Cement.

He does not fit easily into the traditional mould of the Australian tycoon, and acts and looks more like an aristocrat—which in fact he is. He is the grandson of the brother of the fourth Baron Heytesbury and is proud of the family motto "Increase by labour may grow large." His 300 hectare stud farm with more than 100 horses is named Heytesbury Stud after his ancestors.

After school in South Africa, Mr Holmes à Court studied agriculture in New Zealand and then went to the University of Western Australia to study law. His entrepreneurial flair first came to light when he founded a flying club at the university, and persuaded Sir Reginald Ansett, whose airline he later tried to buy, to be its patron. He then set about buying a Cessna 150 and using his charm and personality persuaded the students to lend the club the many thousands of dollars needed to finance it.

Mr. Robert Holmes à Court: "To wait . . . can be dangerous."

Shortly afterwards he achieved another coup. He outwitted an insurance company by buying back an aircraft wrecked by a student, for a few hundred dollars, and then selling the engine, instruments and radio for a tidy profit. All this time he would turn up for tutorials in a Porsche and conduct business conversations on a phone specially installed in his student quarters.

Today he operates from a top floor in a 28-storey insurance building overlooking Perth's Swan River. He denies adamantly that he is more interested in dealing than building up a business. "I never begin a takeover that I'm not prepared to carry through," he says. "But I also set a limit on what I believe a company shares are worth, and if someone wants to offer more than that, I am a seller."

It is only a decade since he took his first big chance — buying into textiles. West Australian Worsted and Woollen Mills had been operating the historic Albany Mill for 50 years and was on the brink of insolvency when Mr Holmes à Court supplied shareholders with a first-come-first-served bid for 150,000 of their company's 709,692 shares at 50 cents, almost double the market value. The bid costs him A$75,000.

Moving swiftly, he then convinced the present State Premier, Sir Charles Court, at that time Western Australia's Minister for Industrial Development, to write off A$400,000 of a A$½m Government loan to the ailing company. In return he installed A$500,000 worth of highly sophisticated equipment under a financial deal with the Belgium Government. Since then the company has become the best equipped and biggest dealer of carpet yarns in Australia.

Later in 1973 the textile company moved to buy the Bell Group, a Western Australian transport and civil engineering company then reeling under mounting losses.

Over the past seven years Mr Holmes à Court has transformed Bell, which is now a conglomerate with newspapers and television stations of its own as well as a substantial stake in several national media interests such as Herald and Weekly Times and John Fairfax Limited.

He launched a weekly newspaper a year ago of indifferent quality—The Western Mail—and has spent several hundreds of thousands of dollars trying to improve it. In the prospectus for the launch he said he wanted to expand his media interests, and it is a general belief that it is only a matter of time before he attempts to acquire a major title, or even all or part of the Herald and Weekly Times group.

His other activities include earth moving, contract mining, quarrying, wholesaling and retailing of marine supplies, the manufacture of electric motors and horse racing.

Mr Holmes à Court last came into the limelight when he began raiding Elders, buying on the market and offering $4 each for blocks of shares. This led to the formation of the "Friends of Elders" who conducted behind-the-scenes efforts to block Mr Holmes à Court, which are now the subject of an inquiry by the South Australian Government. Mr Holmes à Court eventually made an offer of $5.10 a share for 50 per cent of Elders but was trumped by Carlton and United Breweries.

More recently Mr Holmes à Court has been identified with British Caledonian in a bid to start a rival to British Airways and Qantas on the so-called "Kangaroo route" between the UK and Australia.

In his private life Mr Holmes à Court has a wife, four children, a passion for race horses and paintings. One of his most notable art purchases was Emmanuel Phillips Fox's "The Convalescence" exhibited in the Paris salon in 1891. He says he applied the same principles to his art collection as he does to business. "To wait around hoping that something for sale now will be available later can be very dangerous," he said.

APPOINTMENTS

Laporte finance director

Mr R. F. Morgan is to join the board of LAPORTE INDUSTRIES (HOLDINGS) on September 14 to succeed, as finance director, Mr J. K. Steward, who will be retiring on January 31 1982. Mr Morgan is at present managing director, finance and overseas subsidiaries, of Ransome Hoffmann Pollard.

★

Mr Derald Ruttenberg, Mr I. M. Boyd and Mr W. A. McLean have been appointed to the board of the WEIR GROUP. Mr Ruttenberg is a former chairman of Studebaker-Worthington, of New Jersey, a company with which Weir has had close links since 1970. He is also chairman of the Madison Trust, a U.S. investment company. Mr Boyd, who was Weir Group finance controller, is now finance director and Mr McLean becomes personnel director.

★

Mr F. E. Hudson, vice-chairman of YORKSHIRE POST NEWSPAPERS, has been elected chairman in succession to the late Sir Kenneth Parkinson. Mr J. G. S. Linacre, managing director, becomes deputy chairman and succeeds Mr. Hudson as chairman of Doncaster Newspapers. Mr Linacre is deputy chairman and joint managing director of United Newspapers, the parent concern.

★

Mr Robert Napier has been appointed director of finance, REDLAND from September 1.

★

Admiral Sir John Treacher has been appointed chairman and managing director of the PLAYBOY GROUP OF COMPANIES (UK). Sir John will replace chairman Mr Marvin Huston, who remains on the board of all the Playboy UK companies as chairman of the board's finance committee. Mr Frank DiPrima, at present managing director, will become the UK executive deputy chairman. All appointments are from August 1.

★

Mr David Lee has been appointed director of finance and administration at BRITISH OLIVETTI and joins the company from ITT.

★

Mr David Llewellyn and Mr Tom M. McKaine have been elected to the board of CAPE INDUSTRIES.

★

Mr David Dunn, vice-president of Mark Industries Inc., and Dr Donald Spencer, group managing director of Bestobell, have been appointed non-executive directors of RANSOME HOFFMANN POLLARD.

★

The Secretary for Social Services has reappointed Lord Brimelow as chairman of the OCCUPATIONAL PENSIONS BOARD.

★

Mr Philip Hills will be joining ANTONY GIBBS AND SONS as director for export finance on July 27. Mr Phillip Atkinson joins the company as assistant director in charge of operations on August 17. Mr Andrew Skinner has been made assistant director. Mr Hills is at present with Midland Bank International and Mr Atkinson is with Wells Fargo.

★

Mr John Green, UK sales manager at WILSDON AND CO., Solihull, has been appointed a director.

★

Mr Christopher Toothill has been appointed a director of CAPPER NEILL INTERNATIONAL (PROCESS).

★

The Minister for the Arts has appointed Mr John W. Sumsion as Registrar of Public Lending Right for five years from September 1.

★

Sir Norman Lindop, at present director of the Hatfield Polytechnic, has been appointed principal and company secretary of the BRITISH SCHOOL OF OSTEOPATHY. He succeeds Mr S. F. G. Bradford, who retires next year.

★

Mr Lionel Rose has been appointed a director of TINSLEY-ROBOR GROUP, joining the company from Shorewood Packaging.

★

Mr Roy Watland, at present London director of WEDGWOOD, is to become managing director of the Coalport division from October 1 in place of Mr Anthony Wenman who retires at the end of September. Mr Leslie Challacombe, continues as production director of the Coalport and Crown Staffordshire divisions. Mr David Marten has relinquished his position as sales director of Coalport to become Wedgwood sales director. Mr J. Russell Lovatt is now Wedgwood sales director (overseas) and Mr William Taylor remains Wedgwood sales director (Europe). Mr Paul Hutchinson has been made Wedgwood London manager from August 1.

★

Mr A. J. R. Purssell, managing director of Arthur Guinness Son and Co., has been appointed to the south Midlands regional board of LLOYDS BANK.

★

Mr F. J. Benton has been appointed managing director of YORKSHIRE IMPERIAL ALLOYS, a subsidiary of IMI, following the retirement of Mr A. Nixon. Mr N. C. Paul replaces Mr Benton as managing director of Yorkshire Imperial Fittings.

★

Mr Ralph C. Vickers has joined the board of POLYMARK INTERNATIONAL. He recently retired as chairman of Vickers da Costa, stockbrokers, but he remains a director of that company.

★

Mr Walter Bourne has been appointed to the board of BOWTHORPE HOLDINGS. He has been with the group for 21 years and is a director of Bowthorpe Hellermann and chairman of the Hellermann Insuloid, Manchester, division.

★

Mr C. A. MacLeod has been appointed chairman of the LYLE SHIPPING COMPANY and Mr R. H. B. Gardiner and Mr F. M. Lo join the board.

NOTICE OF REDEMPTION

To the Holders of

ENTE NAZIONALE IDROCARBURI

E. N. I.

(National Hydrocarbons Authority)

6½% Sinking Fund Debentures due February 1, 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on August 1, 1981, at the principal amount thereof $1,470,000 principal amount of said Debentures, as follows:

Outstanding Debentures of U.S. $1,000 Each of Prefix "M" Bearing Serial Numbers Ending in the Following Two Digits:

15 16 28 36 40 41 43 45 59 62 67 73 74 84 85

Also Debentures of Prefix "M" Bearing the Following Serial Numbers:

4160 7760 9460 9360 10160 11460 12160 14460 14760 15560 17460 18560 20160

On August 1, 1981, there will become and be due and payable upon each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment therein of public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, currency of payment or otherwise in the country of any of the following offices, at the principal office of Banca Nazionale del Lavoro in Rome or the principal office of Banca Commerciale Italiana in Milan or the main offices of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourgeoise in Luxembourg-Ville.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due August 1, 1981, should be detached and collected in the usual manner.

From and after August 1, 1981, interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI

By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Fiscal Agent*

June 30, 1981

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. $1,000 EACH

M7313	8100	10678	10693	10700	10714	11081	11093	16414	16435	16484	16488	16496	24167
7739	8200	10681	10694	10711	10717	11083	16409	16417	16439	16478	16492	16499	
8000	8300	10688	10695	10712	10718	11088	16411	16418	16447	16481	16493	18870	
8018	8400	10692	10696	10713	11078	11092	16413	16433	16463	16483	18698	21861	

JOBS COLUMN

We should be told why

BY MICHAEL DIXON

AN AWFUL lot of money is represented by the accompanying table. It shows how the 42 British universities will be affected by the cuts they have been effectively ordered to make over the next three years in their numbers of students from Britain and the other countries of the European Economic Community.

The cuts have been prescribed by the University Grants Committee. This is a 62-year-old Quango which takes the block grants allocated by the Government for universities as a whole, and distributes the funds among the individual institutions. It does not supervise intakes of students from elsewhere than Britain and the EEC, each university now being responsible for its own intake from the rest of the world. Nor does the committee have any sway over the two universities in Northern Ireland.

In the case of the other 42 in England, Scotland and Wales, the University Grants Committee serves to prevent Government from exercising direct control over the individual institutions, which are legally independent. The UGC itself has no statutory power to compel universities to do anything. But they could spurn its prescriptions only at the probable cost of punitive reductions in their income from the public purse on which all are now crucially dependent. So in practice the committee is powerful indeed.

It also controls huge sums. Although the main block grant to the 42 universities is to be reduced by about 8.5 per cent by 1983-84, it will still total—at 1981-82 prices—£808m. Add to that other grants for equipment and so on, and the maintenance grants paid to the British among the nearly 250,000 students prescribed by the UGC for 1983-84, and we have a total cost to taxpayers funds in that year of well over £1bn.

The fact that this sum still represents a decrease from the public funding previously expected, has led the committee to take an unprecedented step. Instead of leaving each university to determine how to spend its allocation, the UGC has itself decided which of each institution's activities should be increased, maintained or curtailed. And the financial allocations have been distributed accordingly.

The result in terms of changes in student numbers by 1983-84 is shown in the table. Leaving aside the first column of figures for the moment, the second gives the respective losses or gains in British and EEC students in arts subjects and social studies, the third the corresponding changes in science and technology students, and the fourth those in medicine and dentistry. The last two columns give the total numbers of these students in 1983-84, and the percentage changes in those totals from the totals of 1979-80.

As can be seen, the changes vary between the main groups of subjects and differ sometimes sharply from one university to another. Why these changes have been ordered is surely a matter of public interest, but the University Grants Committee refuses to explain the grounds on which they have been made. This brings us back to the first column of figures, by which I have ranked the various institutions.

It shows the average share of each university's bachelor-level graduates who in 1975-79 ended their year of graduation with no more than a temporary job. And it suggests that whatever criteria the committee used in making its decisions, the relative employability of the institutions' new graduates was not among them.

Salford, the worst affected by the cuts, ranked fourth equal for employability: Aston, the second worst affected, ranked easily first: and Bradford, the third worst affected, ranked seventeenth.

It may be that the UGC's criteria for its decisions are more important to the public interest than employability. But the public nevertheless ought to be entitled to the information it needs to judge the matter for itself. The present position where the Quango is evidently accountable to no one for the way it distributes taxpayers' money is clearly unsatisfactory. It should be changed immediately.

GRADUATE UNEMPLOYMENT AND THE STUDENT CUTS

	% at best temporary employment 1975-79	No. of students to be lost or gained 1980-84: Arts and social studies	Science and technology	Medicine and dentistry	Total students in 1984	% loss or gain over period
Aston	4.9	−340	−690	—	3,640	−22.1
Glasgow	7.3	−350	+ 40	+ 20	8,810	− 3.2
Bath	7.4	+ 10	+ 60	—	3,260	+ 2.2
City	7.5	−120	+ 10	—	2,020	− 5.2
Salford	7.5	−460	−730	—	2,750	−30.2
Brunel	7.6	+ 70	− 60	—	2,470	+ 0.4
Heriot-Watt	7.9	−230	− 80	—	2,120	−12.8
Liverpool	8.0	−240	+110	− 20	6,910	− 2.1
Loughborough	8.3	−230	+110	—	4,550	− 2.6
Strathclyde	8.3	−200	− 50	—	5,540	− 4.3
Dundee	8.7	−110	+100	same	2,480	− 0.4
Aberdeen	8.7	−190	same	− 10	4,940	− 3.9
Cambridge	9.0	−230	same	+ 20	10,280	− 2.0
Oxford	9.1	−320	− 60	+ 90	10,410	− 2.7
Surrey	9.4	−240	−170	—	2,470	−14.2
Birmingham	9.6	−150	+170	same	7,770	+ 0.3
Bradford	10.0	−280	−550	—	3,530	−19.0
Sheffield	10.4	−270	+230	+ 40	6,860	same
Newcastle	11.0	−270	− 60	+ 50	6,600	− 4.1
Southampton	11.1	−100	+ 30	+ 40	5,660	− 0.5
Leeds	11.2	−340	+ 70	+110	9,270	− 1.7
Durham	11.8	−200	+ 30	—	4,360	− 3.8
Manchester	12.0	−170	+190	same	12,860	+ 0.2
Bristol	12.8	−220	− 50	+ 10	6,390	− 3.9
Exeter	12.9	−120	+ 30	—	4,600	− 1.9
Edinburgh	13.3	−190	+ 50	+150	8,840	+ 0.1
Hull	13.5	−890	+ 20	—	4,200	−17.2
York	14.1	−160	+150	—	3,090	− 0.3
London	14.4	−570	−900	+300	32,510	− 3.5
St Andrews	14.6	−120	−110	same	2,880	− 7.4
Nottingham	14.7	−290	− 80	+140	6,150	− 3.6
Wales	15.3	−1,010	−200	+ 10	16,130	− 6.9
Reading	16.3	−250	− 10	—	4,770	− 5.2
Leicester	16.7	−300	+ 50	+110	4,200	− 3.2
Keele	16.9	−460	+ 10	—	2,230	−16.8
Essex	17.2	−210	+120	—	2,150	− 4.0
Lancaster	18.0	−320	+ 30	—	3,920	− 6.9
Stirling	18.7	−150	−300	—	2,020	−18.2
Kent	19.3	−360	+110	—	3,180	− 7.3
Warwick	20.0	−280	+230	—	4,550	− 1.1
Sussex	21.3	−170	− 10	—	3,710	− 4.6
East Anglia	25.6	+ 30	−150	—	3,640	− 3.2
Overall	12.4	−11,000	−2,310	+1,060	248,720	− 4.7

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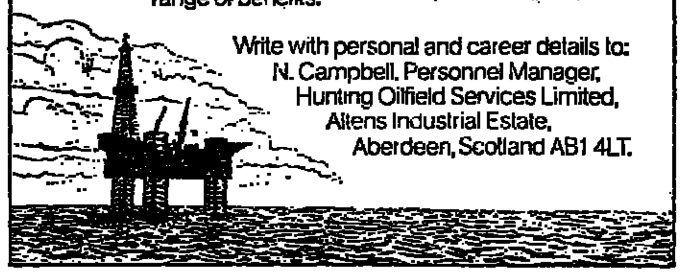

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Financial Controller

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Applicants should have an interest in and an understanding of industrial and economic policy issues. An Honours Degree, though not essential, would be an advantage. Duties will include the preparation of papers on a wide range of industrial policy issues, including industrial planning, public enterprise, multinationals, new technology, regional policy and workers' co-operatives; and it will involve a good understanding of applied economics. The successful candidate will also service the appropriate policy advisory committees and working groups of the National Executive Committee and will help to provide background information to all sections of the Party.

Applicants must be members of the Labour Party, and a background of activity in the Party and the wider Labour movement would be of considerable advantage.

Application forms and conditions of employment can be obtained from: The Administrative and Personnel Officer, The Labour Party, 150 Walworth Road, London SE17 1JT, and the closing date is 24 July, 1981.

EXECUTIVE ASSISTANT

A person with excellent management and personal skills is required by a major U.S. University expanding its offerings in England. Responsibilities will include co-ordinating administrative and academic services related to faculty and student activities. Ideal candidate will hold Baccalaureat or Masters Degree from U.S. University. Salary approx. £6,200 plus benefits.

Please send resume to:
Department A, 58 Harley House
Marylebone Road, London, NW1

General Manager -Finance

c.£25,000

A major financial institution, a household name and a leader in its field, seeks a successor to its General Manager – Finance, who will retire shortly. He or she will be responsible to the Chief Executive for the organisation's accounting records and systems; for taxation matters; for financial forecasting, planning and control, and for the investment and management of its surplus funds. Applicants, probably around 40, will possess a relevant qualification and have had several years' experience at general management level in a successful financial institution. Salary will be of the order of £25,000, and other benefits are in line with best current practice. Location: London.

Write for an application form or send brief CV to the address below, *quoting ref: AA3/7719/FT on both letter and envelope,* and advising us of any other applications you have made to PA Personnel Services within the last twelve months. No details are divulged to clients without prior permission. Initial interviews will be conducted by PA Consultants.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

HEAD OF TRAINING

MAJOR INTERNATIONAL BANK

Our Client is a substantial and expanding international bank employing approximately 700 personnel in the UK.

Promotion has created the need for a senior training officer to take control of the existing training department in London which consists of a small and close knit team. Principal responsibilities will be for the creation and administration of training courses and projects together with the co-ordination of graduate recruitment and human resource development.

Candidates, probably in their early 30's with a degree and/or a professional qualification, will be training professionals with flair, imagination and well-developed interpersonal skills incorporating the ability to communicate and motivate at all levels.

This represents a genuine career opportunity with a financial institution of substance offering scope for personal development and a competitive salary and fringe benefits in the best banking tradition.

Contact Norman Philpot MIPM or Peter Woolnough BA in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside London EC2 Telephone 01-248 3812 3 4 5

International Management Opportunities

Group Managing Director
Group Financial Controller
Managing Director (London)

Nigeria

Salary Ranges: U.S. $60,000-$125,000

The OGT is a well established holding company based in Lagos, Nigeria. The Group of companies is involved in the following major business activities:

1. highway and building construction, including related engineering, architectural and real estate services;
2. shipping and forwarding;
3. trading and general merchandising of a wide variety of consumer and industrial products;
4. manufacturing and distribution of building materials;
5. insurance underwriting and brokerage.

The dynamic growth of this indigenous company has created an urgent need for a senior management team. Successful candidates will have developed their skills in the European or North American business environment.

Group Managing Director
This position will carry responsibility for the overall management and profitability of the Group. Emphasis will be placed on the development of an effective management team, and on the planning, coordination and control of operations. The ideal candidate will have a minimum of 20 years' industrial commercial experience in positions of increasing responsibility, currently at the C.E.O. or senior management level. Location: Lagos, Nigeria.

Group Financial Controller
A professionally qualified financial executive is required to function as Chief Financial Officer for the Group. Responsibilities will include all finance and accounting functions with emphasis on the development of improved budgeting, reporting and control procedures. Applicants should have several years' experience in accounting management.
Location: Lagos, Nigeria.

Managing Director (London)
The Managing Director will carry responsibility for the establishment of a London-based operation for the Nigerian group. The position is designed to take full advantage of international business opportunities. The ideal candidate will be a senior marketing executive with extensive international commercial trading experience.
Location: London, England.

These positions are for a minimum term of two years. Transportation costs for successful candidates and their families will be paid, and there is a generous annual home leave provision. Furnished accommodation and full medical insurance, as well as a number of other benefits, will be provided.

Woods Gordon
Management Consultants

Please reply in confidence, giving full personal details and quoting File #8016: E Daniel Axelrod, 37 Connaught Square, London W2, England.

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BRITISH AEROSPACE

Chartered Accountant

Corporate Operations

Manchester

We require a Chartered Accountant, aged 26-33, ideally a graduate with at least one year's post qualifying industrial experience, to join a small team based in Manchester, but responsible to our Corporate Headquarters.

The task is to review, on behalf of the Board, management systems across all functions – Design, Production, Marketing, Finance – with a view to improving operating effectiveness, covering the full range of British Aerospace activities in the manufacture of aircraft, missiles and space satellites and systems.

Exposure to Senior Management is considerable. Candidates must possess both the analytical skills and the personal qualities necessary to work successfully and on their own initiative in this environment.

The salary will be related to qualifications and experience. Conditions of employment and benefits are those you would expect to find in a large and progressive organisation. A car will be provided as responsibility entails frequent visits (largely commutable) to factories mostly in the north of England.

Interviews will be held in Manchester. Please send full details of Curriculum Vitae and current salary, quoting reference FT1.

F. P. Rhodes,
Corporate Adviser – Personnel,
British Aerospace Headquarters,
Brooklands Road, Weybridge,
Surrey KT13 0SJ

BRITISH AEROSPACE Headquarters

Accounting Consultants

London based **to £14,500**

Thornton Baker Associates is the management advisory services division of Thornton Baker, one of the largest firms of accountants in the U.K. which forms part of the world wide practice of Grant Thornton International.

We are looking for several high calibre accountants to join our team of consultants in London and to work on a wide range of consultancy assignments for our clients in the U.K. and overseas.

We offer the opportunity to work with a wide spectrum of small and large client organisations providing them with solutions to problems in management organisation, corporate planning, management accounting, information systems and financial matters generally.

We require accountants in their late twenties and early thirties who are looking to expand their experience quickly in a demanding but very satisfying environment. As a minimum, you must be able to offer:

— an accounting qualification and preferably a degree
— several years experience since qualifying, preferably in a line financial position in a manufacturing business
— the ability to work quickly, think imaginatively, produce consistently high quality work and communicate effectively with all levels of management

In addition to providing training and an excellent starting salary, we also provide a number of other attractive benefits and an opportunity to join the firm's car scheme.

Please send concise personal and career details to:
P. Cuthbert-Smith,
Head of Management Advisory Services,
Thornton Baker Associates, Fairfax House,
Fulwood Place, London, WC1V 6DW.

A member of the Management Consultants Association.

International Banking

London c.£25,000+

Our clients — The United Bank of Kuwait — have a record of consistent growth and excellent performance since their establishment as a City bank in the 1960's. To prepare for the next phase of development on an international scale they now wish to strengthen their senior management team by making a new appointment at Assistant General Manager level.

The person selected — who will have wide responsibilities in the management of the Bank's operations — will probably (but not necessarily) be a graduate in his/her 30's with international banking experience, ideally including the Arab world, and a relevant professional qualification. Rigidity is not part of U.B.K.'s style, however, and outstanding candidates from other financial backgrounds will gladly be considered; intellect, commercial acumen, creativity, and leadership are key criteria.

A basic salary in the area indicated will be enhanced by a bonus and other benefits fully in line with the best banking practice. Interested candidates are asked to apply in strictest confidence to the address below, quoting Ref. 2216/FT.

Charles Barker
MANAGEMENT SELECTION INTERNATIONAL LTD.
30 Farringdon Street, London EC4A 4EA. Telephone 01-236 0588.
MANAGEMENT SELECTION — EXECUTIVE SEARCH

ASSISTANT FUND MANAGER

A leading Accepting House requires to recruit an Assistant to work for one of their Senior Fund Managers.

The successful candidate will have a sound knowledge of investment fundamentals and have a minimum of two years experience as a Sector Analyst in a Research Department – probably with a leading firm of stockbrokers or merchant bank. The candidate is likely to be a graduate and must be capable of producing well-written analytical and business reports.

Candidates will be between the ages of 25 and 30 and the reward range will be £10,000 – £14,000+ non-contributory pension. The position provides an excellent opportunity to gain fund management experience and to progress to full Fund Manager responsibilities.

Please write or telephone in confidence to Somerset Gibbs.

Directorship Appointments Limited
66 Great Cumberland Place, London W1H 8BP. Tel: 01-402 3233

Corporate Planning

Scottish Development Agency

The fundamental purpose of the Agency is to foster the expansion of Scottish-based industry and employment; the provision of consultancy and advisory services, including corporate planning, supports and complements the Agency's mainstream activities.

The task will be to prepare, negotiate and undertake consultancy assignments for manufacturing companies, typically in the turnover range of £½m. to £5m. Preliminary evaluation work and the encouragement of productive, long-term client relationships will be important factors.

Success in corporate planning and a broad knowledge of manufacturing industry are the prime requirements. Consultancy experience and knowledge of the Scottish business scene would be valuable assets.

Salary negotiable around £16,000 plus attractive benefits including car allowance and relocation help.

Please write – in confidence – to W. J. Angus ref. B.64352.

This appointment is open to men and women.

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Management Selection Limited
International Management Consultants
14 St. Vincent Place Glasgow G1 2EU

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The one who stands out

SHIPPING FINANCE

Two of our clients seek experienced executives for their Shipping Finance activities, in which they are both market leaders.

The principal responsibilities of the posts will be to market, negotiate and manage shipping-related loans, particularly in the Northern European, Greek and Far East areas.

Candidates must have had experience of evaluating shipping projects, ideally in a banking environment.

An attractive salary well into five figures will be negotiated together with a substantial benefits package.

Please write or telephone:
Patrick B. Allen, Managing Director
BERISFORD ASSOCIATES LTD.
Cross Keys House
56 Moorgate, London EC2R 6EL
Telephone: 01-628 7546/7

Operations Officer/Middle East c. £18,000
A.I.B. or suitably qualified person required by one of our Middle Eastern clients to take up the post of Operations Officer at one of their branches. It is essential that applicants should have at least 3 years experience in banking operations covering Documentary Credits, Cash Control, Bookkeeping, Clearing Foreign Exchange, Budgeting organization and systems.

Lending Officer/U.K. based c. £15,000
A leading European bank requires a professional with a proven track record in corporate lending as a lending officer. A strong credit background and an ability to develop and control banking relationships with domestic and multi-national corporations are essential pre-requisites. Applicants should be an MBA with in-depth experience.

Eurobond Dealer c. £15,000
An International Bank requires a Bond Dealer with an extensive working knowledge of both the primary and secondary markets, must have at least 3 years experience and be regarded in the market as a true professional.

Communications Officer/UK based c. £11,000
A major International Bank requires an experienced telecommunications officer who is fully knowledgeable about PABX systems, telex and message switching hardware and softwares. Applicants must have the ability to communicate with senior management, make recommendations on systems enhancement, deal with operational problems and control related personnel.

LJC Banking Appointments Ltd.
170 BISHOPSGATE, LONDON EC2M 4LX **01-283 9953**

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Public Relations Executives

Dewe Rogerson is a public relations, advertising and marketing company, with a wide range of financial and industrial clients in the UK and abroad.

Our rapidly expanding public relations department is looking for a number of executives who should already have financial, city, editorial or professional backgrounds coupled with working experience in, or sympathy for, the business of public relations.

Starting salary will be based on ability and experience of applicants who should be aged between 25 and 45.

Additional benefits include full medical insurance, a contributory pension scheme and a discretionary bonus.

Applications, which will be treated in strict confidence, should be sent, with a current curriculum vitae, to: John Duncan, Director, Public Relations, Dewe Rogerson Limited, 4 Broad Street Place, Blomfield Street, London EC2M 7HE. Tel: 01-638 9571.

Dewe Rogerson

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Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

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MANAGER - MANAGEMENT SERVICES - BANKING

LONDON - CITY **£17,500—£24,000**

MAJOR INTERNATIONAL MERCHANT BANK—RAPIDLY EXPANDING—ASSETS CIRCA £2 BILLION

We invite applications from candidates aged 32-38 who have acquired at least 7 years' systems development experience and not less than 2 years managing the planning, design and implementation of medium sized systems in a Bank or allied financial services organisation. Responsibilities will cover the control, through a small efficient team, of all the Bank's information, data processing and communication systems, both in the U.K. and abroad. Particular importance will be attached to developing and implementing a long-range systems' plan which responds to the dynamic growth of the Bank, the opening of branches abroad, and an increasingly active treasury operation. Our client is a young Bank facing many interesting challenges. The ability to think creatively and make a significant contribution in the Bank's planning is crucial. Initial salary negotiable £17,500-£24,000 + car, subsidised mortgage, non-contributory pension, free life assurance, free family medical facilities. Applications in strict confidence, under reference MMS4050/FT, to the Managing Director:

Prospects of becoming Vice President in London or elsewhere abroad in 3-5 years.

CORPORATE ACCOUNTS OFFICER - BANKING

CITY **£12,000—£15,000**

REGIONAL HEADQUARTERS OF EXPANDING U.S. BANK—ASSETS EXCEED U.S.$3.5 BILLION

This vacancy calls for graduates, or A.C.A. or A.I.B., aged 25-30, with a background in International wholesale banking and not less than 3 years of practical corporate lending responsibilities for major clients on both sides of the Atlantic, ideally as part of a corporate accounts team of a leading U.S. bank or a merchant bank with well developed U.S. lending interests. The successful candidate will report to the Head of the Bank in London for the management of an existing $ multi-million portfolio in the U.K., Europe and elsewhere, plus the identification, analysis and profitable negotiation of new business. The ability to operate effectively at the highest level with the minimum of supervision and a high degree of numeracy and communication skills are essential. Initial salary negotiable £12,000-£15,000 + non-contributory pension, free life assurance, family medical cover, subsidised mortgage facility and assistance with removal expenses where necessary. Applications in strict confidence, under reference CAO 4051/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374.

Chief Executive

c £25,000 East Midlands

Our client – a British subsidiary of an American corporation – has two companies in the U.K., and several others throughout the world. There are substantial restructuring and expansion plans, but current product ranges include heavy furnaces, melting equipment for the stainless steel and carbon industry and mechanical line equipment for the steel and non ferrous industries. Combined U.K. turnover is c £15m per annum. A new position has been created of Chief Executive for both companies, based in the East Midlands, reporting to a chairman in London. Candidates, aged c 45, should be graduates either in engineering or the sciences with substantial experience and a proven record in senior management at board level. The successful person will be expected to effect change, control the profit and loss account, and report to the chairman on current activity and future plans with accurate profit forecasts. Salary negotiable from £25,000 with benefits appropriate to this level, a service agreement and full relocation expenses. Applications with full career details from men and women should be sent to N. E. Hampel, as adviser to the company, at Selection Thomson Ltd., 38 Park Street, London, W1Y 3PF.

Selection Thomson
London and Glasgow

FIRM IN FINANCIAL
SOFTWARE INDUSTRY

requires person to head up Mideast and European marketing and sales expansion. Candidate should have in depth experience with accounting and financial reporting systems, account management, communication at the executive level, developing marketing programmes. Knowledge of Arabic and/or European languages useful. Salary negotiable.

Please write detailed C.V. to:
Box A7559, Financial Times,
10 Cannon Street, EC4P 4BY

A CAREER OPENING EXISTS
in the
LIFE ASSURANCE, FINANCIAL PLANNING AND PENSIONS FIELD

for a well-educated young person with good O & A levels. The successful applicant would be based in Wimbledon.

Write Box A7574, Financial Times
10 Cannon Street, EC4P 4BY

Actuary

Gloucester c £16,000

Trident Life, one of Britain's leading unit-linked life and pensions companies (premium income last year up 32% to £48 million), is also a member of the multinational General Reinsurance Group of the USA (assets over £1.5 billion).

We are now creating a new position within our actuarial department for an ambitious person to take responsibility for corporate and business planning, monitoring financial results and special investigations.

In addition to life office experience since qualification, we will look for above average technical ability and the drive and determination to succeed within a challenging commercially-minded company.

The remuneration, which will include a company car and participation in the company's incentive scheme, will be worth in all £16,000 and could be higher.

You will be based in our Head Office in Gloucester, on the edge of the Cotswolds and the Wye Valley and relocation costs will be paid.

Please write to or telephone
A.G. Roberts, M.A., F.I.A.,
Director and General Manager,
Trident Life Assurance Co. Ltd.,
London Road, Gloucester GL1 3LE.
Telephone Gloucester (0452) 36541

Trident Life

TSB

Management Accountant

CITY **£14,000 plus benefits**

Central Trustee Savings Bank Limited is the central banker for the Trustee Savings Banks group. The bank provides comprehensive banking, clearing and investment services for sixteen constituent Regional Banks and the subsidiary companies of the group.

Due to the continued growth and expansion of our business we wish to appoint a Management Accountant who will be responsible for budgetary control, profit projections, costing, financial research, evaluation and control of capital expenditure and for assisting with computer projects which are directly associated with finance and investment.

Candidates must be qualified accountants with at least five years' relevant post-qualification experience, ideally gained in the field of banking and/or investment.

In addition candidates will need to demonstrate that they have a creative and analytical ability, plust the necessary managerial experience required to fulfil this key role within the bank's management team.

We offer an attractive range of fringe benefits, including a house mortgage subsidy scheme and a non-contributory pension scheme.

Applications should be addressed in writing to:

Departmental Head — Personnel & Training
Central Trustee Savings Bank
100 Lower Thames St
London EC3R 6AQ

ECONOMISTS

Regional Economist: (U.K. & U.S.A) c £14,500
Senior Economist: (Middle East) c £10,500
Economist: c £7,500

The Lloyds Bank Group has expanded rapidly worldwide in the last few years and now operates in 45 countries with over 2850 branches and offices. With the formation of a Group Economics Department based in LBI in the City, we are now looking for the following people.

The Regional Economist will be responsible for covering the U.K., the U.S.A. and financial markets as well as being Assistant Editor of the Lloyds Bank Review and Economic Bulletin. He/she will be fully conversant with the latest statistical and econometric techniques.

The Senior Economist will primarily be preparing economic surveys and reports on Middle East countries leading to the assessment of country risk. The successful candidate should have a good knowledge of that area and relevant language qualifications.

The Economist will be responsible for preparing reports and surveys on developing countries.

The successful candidates are likely to have a good economics degree or other relevant qualification and work experience. In return the Bank offers, as well as an excellent salary, a fully competitive remuneration package which includes advantageous house and other loan facilities, free lunches and a non-contributory pension scheme.

Please telephone Simon Wootton on 01-248 9822 Extension 3694 for an application form or write to him at the address below.

LLOYDS BANK INTERNATIONAL
40-66 Queen Victoria Street, London EC4P 4EL.
A member of the Lloyds Bank Group.

MANAGEMENT ACCOUNTANT

Applications are invited for the post of Management Accountant in the Royal Bank. The successful candidate will assume total responsibility in the Bank for Management Accounting which includes both the Annual Profit Planning function and its subsequent application and monitoring. Costing is also an important function of the Department. There is a staff of fourteen including three qualified Accountants working a highly automated system.

A Chartered Accountant with additional professional qualifications in Economics or Management Accounting is preferred and large company experience in the maintenance and development of a sophisticated Management Accounting System, including responsibility for Costing and the Annual Planning cycle is essential. Candidates must have had at least five years recent experience with one employer and their duties must have included regular contact with senior management from all disciplines.

Applicants should be aged at least 35 years.

The post carries a competitive salary and attractive fringe benefits including a car, non-contributory Pension Scheme and House Purchase Scheme.

Applications and enquiries stating age, qualifications and previous experience should be made, *in writing*, to:-

Staff Manager, The Royal Bank of Scotland Limited,
42 St Andrew Square, Edinburgh EH2 2YE.

The Royal Bank of Scotland

Senior Dealer

City

A well known bank of international standing seeks to recruit a Senior Dealer to assist in the setting up and development of its dealing room operations in London.

Although age is not the primary consideration, we would expect the candidate to be under 40 years of age, with a minimum of five years' active dealing and foreign exchange experience, the latter half being in a senior post.

This is a challenging opportunity to participate in organising and running a modern dealing room with good prospects for rapid growth. The successful candidate must have the experience and confidence to do this and the remuneration will reflect the seniority and responsibility of the post.

Ref: A8872/FT.

Write with full personal and career details to the address below, *quoting the reference number on the envelope*. Your application will be forwarded directly to the client unopened unless marked for the attention of our Security Manager with a note of companies to which it should not be sent.

PA Advertising
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

A member of PA International

Senior Foreign Exchange and Money Dealer

City

The London Branch of this major European Bank requires a Senior Foreign Exchange and Money Dealer initially to specialise in one or two Continental currencies.

The ideal applicant will have at least four years dealing experience and must be able to demonstrate a knowledge of arbitrage dealing, dealing for commercial customers and should possess a general knowledge of back-up and general banking.

In addition to an excellent starting salary (negotiable) first class fringe benefits are available as one would expect from a leading European Bank.

To apply (in strict confidence) either telephone Mr. Suer on 01-606 8833; or write to: Mr. J. Parker, Personnel Officer,

Amsterdam-Rotterdam Bank N.V.,
London Branch,
29/30 King Street,
London EC2V 8EQ.

amro bank

INTERNATIONAL BANKING

OPERATIONS/M'MENT. ACCOUNTING **£8,000-£10,000**

Two vigorously expanding City banks each seek someone with good practical accounting skills; the more senior post particularly demands demands strong supervisory abilities as well.

GRADUATE CREDIT ANALYST **c. £8,500**

An opportunity in a prime U.S. bank for a young banker with about a year in Credit to augment his/her background with really professional training and progressive experience.

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This unusual opportunity with a major European bank could appeal to a young person with sound Stock Exchange experience who is seeking an entree into international banking

Please telephone Ann Costello or John Chiverton, A.I.B.

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31, Southampton Row, London, W.C.1.

WILLIAMS de BROE HILL CHAPLIN & COMPANY

STOCKBROKERS

Head of Banks Department

We are seeking an experienced person capable of assuming immediately the responsibility of directing and developing our Branch Bank investment business. The successful applicant should be able to demonstrate not only an in-depth knowledge of investment matters but also an imaginative approach to promoting our existing investment management services to the major Branch Banks.

Applicants should be in the age group 30-45 with at least five years' relevant investment experience gained with a Stockbroker or Investment Department of a major clearing bank.

Private Clients Department

Age 20-25

We are currently seeking a trainee for our Private Clients Department. It is likely that the ideal candidate will be a graduate, either recently qualified, or with post-university experience, not necessarily in a related field. The ability to communicate both verbally and in writing is also considered to be an important attribute.

The successful candidate can expect to undergo an initial training programme, with particular emphasis on investment research, before assisting in the management of individual portfolios. Longer term prospects will depend entirely on ability.

Starting salaries will be related to experience and expertise and the total remuneration package will be determined by effort and ultimate results.

Applications, enclosing a curriculum vitae, should be sent to:—

The Staff Partner
WILLIAMS de BROE HILL CHAPLIN & COMPANY
P.O. Box 515, Pinners Hall, Austin Friars, London EC2P 2HS

Chief Executive
Major Manufacturing Project

C&L

Our client, a multinational organisation, seeks a Chief Executive for a new manufacturing company in the South-East Region.

The Irish Plant will manufacture, for sale in European markets, a range of new products which are primarily plastics-based.

Reporting to the Board, the Chief Executive will have overall responsibility for structuring and developing the Company's manufacturing, marketing, distribution and financial activities. Initial tasks will include the completion of negotiations with the Industrial Development Authority, financial institutions and construction contractors as well as the selection of a high calibre senior management team.

This position offers a challenging opportunity to the individual with broad management skills, committed to a results-oriented approach. Previous high level managerial experience is essential and a working knowledge of one or more continental languages is desirable.

An attractive remuneration package incorporating top class benefits and relocation arrangements will be negotiated with the successful candidate who will probably already be in the IR£20,000 + earnings bracket.

If you have the range of management and personal skills required for this top management position, contact Raymond Cass of our Personnel Services Division, giving brief career details. All applications will be treated in the strictest confidence and information on candidates will not be forwarded to our client without prior permission. Please quote Ref. 511/101.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited,
Management Consultants,

Fitzwilton House,
Wilton Place, Dublin 2.
Tel: (01) 760306/682222.

IBIS, the publishing industry's leading promotion service, requires a

FINANCIAL DIRECTOR DESIGNATE

to join the company's management team.

IBIS has a turnover of over £2m and employs 75 people. The company's activities, which include a computerised world-wide mailing service, the publication of book guides, and a book supply business, give it a unique and central position in the international publishing trade. The company has branch offices in the United States and Australia.

The job involves full control of the company's financial function, which uses an in-house computer system, and would suit a qualified accountant with not less than three years' commercial experience, including the use of computer systems. Remuneration will be related to experience and ability and includes the usual management benefits.

IBIS is owned by Associated Book Publishers Ltd, Blackwell Scientific Publications Ltd, Cambridge University Press, Oxford University Press and Pitman Ltd, but operates as an independent company. Applications, including salary history, which will be treated in strict confidence, should be sent to:

IBIS

The Managing Director
IBIS Information Services Ltd
Waterside, Lowbell Lane,
London Colney, St Albans,
Herts AL2 1DX

Finance and Commercial Director

£19,000+car

For a profitable, £50 million packaging company, the market and technological leader in its industry, with several separate profit centres in the UK and itself part of a £600 million British group. In addition to responsibility for finance and control there is an important commercial role in raw material purchasing. The person appointed will be a key member of the Chief Executives policy team.

We seek a future industrial leader, a qualified accountant, probably a graduate aged 35 to 40 and ideally with line management experience and an M.B.A. Candidates must have senior operating financial experience in a multi-million pound manufacturing business and possess high level analytical, communication and personal skills.

The opening arises from promotion and there will continue to be career development prospects across the group both in finance and general management. Location is Buckinghamshire.

Please reply, in strict confidence, quoting Ref: 720 giving details of age, experience, qualifications, present earnings and a telephone number to:

CB-Linnell Limited
7 College Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM - LONDON

This person should become a highly-paid Merrill Lynch account executive dealing with international investment services

A person in their late-20's, early 30's. With a good degree, probably in Business Administration, Business Studies, P.P.E. or Law.

Most likely "in finance" with a solid record of accomplishment in one of the following areas:

- London stockbroking
- Registered Representative for a NYSE-member firm
- Financial services to large private clients
- Sales or Marketing

Ambitious. A self-starter. Successful in their present job. Anxious to expand their professional knowledge and expertise on an international scale.

Could this person be you? If so, there should be a place for you as an international Account Executive in London. After four months intensive training you will become responsible for providing Merrill Lynch private clients with sophisticated professional service and advice regarding their finances —especially investments in U.S. and international equities, Eurobonds, financial futures and commodities.

Please write giving details of your career, to date, to Nigel T. Carter, Recruitment Officer, c/o Merrill Lynch, Pierce, Fenner & Smith Ltd., 3 Newgate Street, London EC1A 7DA.

Merrill Lynch

Scrimgeour, Kemp-Gee & Co
Members of The Stock Exchange

are seeking an

INSURANCE ANALYST

This is one of the rare opportunities for an investment analyst with a minimum of two years' experience in the insurance sector to assume responsibility for the sector with the ability and ambition to attain a leading reputation in this field. It follows that career prospects are good and that remuneration, including profit sharing, will be fully competitive.

Please write in confidence, to:

John Hewitt
Scrimgeour, Kemp-Gee & Co.,
20 Copthall Avenue, London, EC2R 7JS.

Sales Director
Consumer Goods

Up to £20,000 + Car — Home Counties

Our client which is a household name has become brand leader through a policy of aggressive sales and marketing. Reporting to the Managing Director, the Sales Director will be expected to provide a strong sense of direction to the existing highly professional sales team and bring the commercial acumen necessary to spot and exploit new opportunities.

Candidates, male or female, aged in their mid 30's should have a clear record of sales management success at executive level. Experience in branded consumer packaged goods or the apparel industry is desirable. The Group of which our client is part can offer excellent career opportunities both within the UK and overseas. Associated terms and conditions which include generous relocation assistance to a high amenity area are first class.

Write with full personal and career details to the address below, *quoting ref: E 5966/FT on the envelope*. Your application will be forwarded directly to the client unopened, unless marked for the attention of our *Security Manager* with a *note of* companies to which it should not be sent. Initial interviews will be conducted by the client.

PA Advertising

Hyde Park House, 60A Knightsbridge, London SW1X 7LE. Tel: 01-235 6060.

PA

A member of PA International

RESEARCH ANALYST
ELECTRONICS & ENGINEERING
Prominent City Stockbroker

Join a well established firm reorganising and developing its research function to meet the challenge of the 1980s. Cover an exceptionally broad spectrum of industry • work closely with outstandingly successful Institutional Sales partners.

Our Client: With an enviable reputation for quality research and a dynamic institutional sales team the firm is highly rated. They are brokers to a growing list of companies.

Your Role: Join a specialist group of two analysts plus two salesmen. Specialise in Electrical/Electronics/Engineering. Responsibilities will be unusually wide. Play a key role in the firm's growth in the '80s.

Our Ideal Candidate: Proven creative flair plus investment appraisal skills in Electrical/Electronics/Engineering/Industrials • experienced in direct contact with Institutions • the ability to provide fast reports and prepare in-depth sector/company studies.

Your Rewards: Fully negotiable — high basic salary plus profit share. 1980/81 profits currently very substantial, indicating success and standing of our clients.

Act Now: For further information write or telephone in the strictest confidence to the Group's adviser Mr. William L. Gill on 01-388 2051 (or 01-388 2055 24 hour ansaphone). *Quote Ref: 487.*

M
MERTON ASSOCIATES (CONSULTANTS) LIMITED,
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

This advertisement is featured on page 599021 of Prestel

MANAGER
Group Audit

City — **£17,500/20,000+**

A large diversified industrial group is to appoint an experienced finance executive to set up and manage a group audit function for its UK operations.

This is an important new position and calls for a qualified accountant aged 35–45, with extensive experience of financial controls and modern accounting methods in a well run, large, diversified organisation. A sound knowledge of computer systems will be expected.

The person appointed will be a self-starter with organisational flair and with the ability to win the confidence of the group's senior executives from the outset.

An attractive remuneration package will be negotiated and the prospects, for the right person, are unusually good.

Please write in confidence to N. Halsey, Executive Selection Division quoting reference L2690/L.

Peat, Marwick, Mitchell & Co.

Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD.

Partnership Accountant

C. London — **c.£14,000**

The London office of a well known firm of Chartered Accountants with twenty seven partners seeks a qualified accountant preferably aged 40-45 with previous experience gained working with a professional practice operating computerised accounting systems.

Reporting to the Finance Partner you will control a small department and be responsible for the day to day accounting and the development of more meaningful management information through the introduction of an in house computer. Essential attributes include an awareness of the needs of the partners and an ability to provide an effective yet unobtrusive service to the firm.

Benefits include contributory pension and health-care schemes.

Contact John P. Sleigh FCCA on 01-405 3499 quoting reference JS/555/PAF.

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA — 01-405 3499

CREDIT ANALYST £8,500
+ mort age 24+ 2 years exp for US Banks Loans Dept.

FOREX BACK-UP £7,500
+ Bonus & Mort. 4 years previous exp. supervisory opening with lively international section. EC3 Bankers.

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Tel: 01-439 8251

Eurobond Dealer

We require a Eurobond dealer to join the team responsible for Eurobond underwriting, dealing and placing operations.

The successful applicant should have some dealing experience with a bank or stockbroker (not necessarily in Eurobonds). A full training in the field of Eurobonds will be provided if necessary.

Please write with full details of education and career to:—

The Managing Director
Fuji International Finance Limited
25-31 Moorgate, London EC2R 6AR

Investment Analyst
£15,000

A leading stockbroker with a well established Research Department has a vacancy for an investment analyst with at least two years' experience with a broker or an institution.

Applicants should have a good degree and/or professional qualification and proficiency in investment research. Knowledge of the food industry and overseas trading companies would be an advantage.

Remuneration will depend on age and experience, but is expected to start in the region of £15,000, made up of basic salary and participation in the firm's profit sharing scheme. Prospects for advancement are excellent and the position could give opportunities for overseas travel.

Applications should be sent with a curriculum vitae to:

Box A.7572, Financial Times
10, Cannon Street, EC4P 4BY

FINANCIAL ACCOUNTANT

Weston Simfire is a rapidly growing division of the multi-national Schlumberger group. This continued expansion has created the need for a career-minded financial accountant. Reporting to the financial controller the job holder would have wide ranging responsibilities including:

FINANCIAL ACCOUNTING
CAPITAL INVESTMENT APPRAISALS
FINANCIAL ANALYSIS AND PLANNING.

Schlumberger is a progressive company and career developments within the group can be expected in the short term.

Candidates should be newly qualified ACA/ACCA/ACMA, preferably with experience in an industrial/commercial environment. Salary according to age and experience.

Please write or telephone:

WESTON
Schlumberger

John Mayes
Resourcing Manager
WESTON CONTROLS
Gt. Cambridge Road
Enfield
Middlesex EN1 3RX.
Tel: 01-366 1100

Corporate Finance

Stockbrokers — **£20,000+bonus**

Our client, a well-known firm of City Stockbrokers, is seeking an additional executive to join their small but expanding Corporate Finance team.

The successful applicant is likely to be aged between 28 and 35 with a professional qualification in accountancy or law and will currently hold a responsible position in the Corporate Finance division of a stockbroker or Merchant Bank.

This appointment offers considerable challenge and scope for a highly motivated individual to develop a fast moving and stimulating business. Salary and benefits will reflect these factors.

Please contact Philippa Rose on 01-628 9763

Philippa Rose & Partners
23 Wormwood Street, London, EC2

PROJECT ANALYST

An international institution based in the City seeks an experienced individual to analyse potential investment projects worldwide. The successful candidate will be a 25-to-35-year-old graduate, ideally MBA, and will probably have relevant experience, gained in investment research/financial analysis or project finance. The position will involve identifying and analysing the feasibility of projects.

This opportunity should appeal to a dynamic and ambitious person who now seeks a challenging and stimulating position within a growing organisation. Remuneration will reflect experience and ability.

Please reply to Box A.7568, Financial Times
10 Cannon Street, EC4P 4BY

FOREIGN CURRENCY DEPOSIT BROKERS

Established Foreign Currency Deposit Brokers seek two experienced Traders. Excellent remuneration and prospects.

Please reply to Box A.7570, Financial Times
10, Cannon Street, EC4P 4BY

FINANCIAL SERVICES

Circa £8,000
Aged under 30

Established firm with strong client base seeks two additional executives to join small specialist team. Professional qualification and financial experience preferable. Based in London, SW1.

Write Box A.7569, Financial Times
10, Cannon Street, EC4P 4BY

EXECUTIVE APPOINTMENTS

Top level executives on the move use Europe's most effective Career Planning and Executive Placement service. Our access to unadvertised vacancies, dynamic marketing, and knowledge of the employment market ensures success. Only Connaught offers a success-related fee structure to executives of proven competence.

Contact us for a confidential assessment meeting.

Connaught — Executive Management Services Limited

73 Grosvenor Street, LONDON W1 – 01-493 8501

International Appointments

Industrial Consultancy Projects in Tanzania

The Consultants for Trade and Industry (CTI), one of Sweden's leading management consultancies, has been commissioned to assist in the establishment and development of a national technical and economic consulting body for Tanzanian industry – the *Tanzanian Industrial Studies and Consulting* Organisation (TISCO). TISCO operations are concerned with the feasibility and the implementation of industrial projects related to the Tanzanian industrial development programme; additionally the organisation has an important problem solving and restructuring role within already established Tanzanian industries. The assignment, now in its fourth year, requires direct participation of ex-patriates in the operation of TISCO as well as on-the-job training for Tanzanian counterparts. Two senior consultants are now sought to join the international team working in Dar es Salaam.

Senior Management Consultant

£20,000 p.a. tax-free

The *main responsibilities of the Senior Management Consultant* are to form working teams for techno-economic studies, as well as to participate in various TISCO assignments with special emphasis on policy, management and organisational aspects. Additionally, he will be required to evaluate industrial projects from a management and organisational standpoint and to formulate programmes for resolving potential problem areas.

A degree is essential and preference will be given to those candidates with an MBA or post-graduate studies in management orientated subjects. *Varied and practical experience of general management at an international* level is a necessary requirement and this experience should be in both industry and consultancy.

Senior Consultant
Industrial Economics and Financial Resourcing

£20,000 p.a. tax-free

The job holder will participate in feasibility studies by evaluating and advising on the economic and financial viability of industrial projects and will be required to assess the potential availability of investment resources both inside and outside the country; the person appointed will take a major part in arranging the finance for specific industrial ventures.

The successful candidate is likely to be over 35 and will have a degree in Economics, Business Studies or a related subject; more important will be his practical experience in the evaluation of industrial projects. Direct or indirect experience *in the field of international banking would be a definite advantage.*

All candidates should have an appreciation of both the fundamentals of industrial project development and of the contextual elements such as regional development and industrial sector development; first hand knowledge of the Third World would be an advantage.

For each of these posts the initial contract with *CTI* will be for 2 years and the salary will be £20,000 tax-free. The full remuneration package will include free housing, six weeks' leave per year, vacation travelling expenses for self and family, school fees either in the UK or Tanzania for dependant children, medical insurance and other allowances and expenses; residential base will be Dar es Salaam.

Please send comprehensive career details together with a UK contact address to:

Aubrey Wilson Associates (Ref. CTI), 87 Blackfriars Road, London SE1 8HA.

Preliminary interviews will be conducted in London by CTI's representative.

cti

The Consultants for Trade and Industry

Dr. Helmut Neumann
Management-Beratung

International Manager Process Engineering Machine Building Industry

As subsidiary of an internationally operating German group of companies we offer technical services. Headquarters is in a Continental European capital. We run various service- and sales-operations in Europe and abroad which report directly to us. In our field we range amongst the leading internationally operating companies.

In order to technically co-ordinate the international processing, investment planning, organisation planning, and project management activities we wish to employ an engineer as manager with main emphasis on plant equipment, power stations, chemical- or refineries or process-engineering. Further *to your education as specialist engineer you have gained professional* experience as project or divisional manager and have knowledge in planning and projecting industrial plants; possibly you have gained experience in internationally-operating engineering companies. Apart from this qualification demands distinct leadership qualities are required so that you can be nominated for management in the not-too-distant future. We expect you to have good working knowledge of German and Dutch, but at least be prepared to learn these languages at our expense.

Should you be interested in obtaining more details of this challenging position please contact our management consultants, Dr. Helmut Neumann Management-Beratung GmbH, Neue Mainzer Strasse 84, D-6000 Frankfurt 1, telephone 0611 (code)-29.00.01, or send your full application together with C.V., which will be treated in strict confidence, quoting the reference No. 3326/FT.

Treasurer

Abu Dhabi — **c. £18,000 + 15% bonus**

To join the head office of the Abu Dhabi Gas Liquefaction Company, a major producer in The Gulf with extensive offshore gas gathering facilities and one of the world's largest LNG plants.

The company generates large cash surpluses and the *Treasurer will play a major role in the placement of funds* on international money markets, foreign exchange operations, and in optimising short-term deposit facilities with international banks. In addition, the successful candidate will monitor credit control, prepare cash-flow statements, report on sources and application of funds, and operate short and long-term loan agreements.

Candidates, in their 30s, should be qualified accountants with substantial experience in a major financial organisation who are capable of assuming full control of this important activity within a major international company. The post offers an initial 3-year contract, married or single-status, and the excellent conditions of service will be discussed at interview.

Salary not less than 11,000Dhs per month, (c.£18,000pa) plus bonus.

Write for an application form or send brief CV to the address below, *quoting ref: AA25/7548/FT on both letter and envelope,* and advising us of any other applications you have made to PA Personnel Services within the last twelve months. Details may be forwarded to the client through the consultant who will be conducting the initial interview.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Financial Accountant

West Germany
Approx. DM4400 per month plus 1 month's bonus

for a recognised world leader, part of a major international group, manufacturing and marketing industrial bonded diamond products and special grinding machines: Group turnover rose from U.S. $90 million (1970) to $500 million (1980): turnover of this subsidiary exceeds $20 million.

As Deputy to the Accounting Manager, the Financial Accountant will produce monthly and quarterly management accounts: quarterly reports: consolidation of associated Companies results: and supervise accounting functions within overseas Companies in Spain, United States, Mexico, Japan, Sweden and India, requiring considerable overseas travelling.

Candidates, 25 to 35, ACA, preferably single, a degree advantageous, must appreciate a wide range of accounting systems, desirably gained through management accounting in manufacturing. Spoken German essential and some spoken or written Spanish additional assets.

Please send brief details – in confidence – stating how the requirements are met to Lionel Koppen ref. B.42076.

United Kingdom Australasia Benelux Canada France Germany Ireland Italy Scandinavia South Africa Switzerland U.S.A.

MSL
Management Selection Limited
International Management Consultants
52 Grosvenor Gardens London SW1W 0AW

A company based in Zug and integrated in a European petrochemical concern of considerable substance is looking for an

EXPERIENCED PETROLEUM-TRADER

to work in a small team in our Swiss offices. Thorough knowledge of purchase and sales operations in petroleum products is a must as is the willingness to relocate to Zug.

We offer adequate salary and bonus arrangements. Please apply to:—

Box A.7575
Financial Times
10 Cannon Street
EC4P 4BY

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of ex-patriates and nationals worldwide.

01-637 7604

Manager - Financial Analysis and Budgets - Kuwait

The National Bank of Kuwait, one of the largest commercial banks in the Middle East, invites applications for this key position.

Prime responsibility is to maintain an organisation and systems for the preparation and interpretation, for the board and management, of all financial analysis and control information.

Candidates should have full professional qualifications, and at least five years' experience in either banking or a related field. They need to be innovators, familiar with computer reporting, good communicators and, ideally, bilingual in English and Arabic. Terms of contract reflect the demanding nature of this position.

Please write in confidence to:
Assistant General Manager,
Administration and Human Resources Division,
The National Bank of Kuwait S.A.K.,
P.O. Box 95 Safat, Kuwait.

The National Bank of Kuwait S.A.K.

A multinational group based in Dubai with interests in the field of industries, construction, engineering, real estate, trading, banking and insurance is looking for highly qualified and

EXPERIENCED AUDITORS

The candidates should be chartered accountants or possess equivalent qualifications with 3-5 years experience in the field of auditing or alternatively hold a degree in commerce with 5-8 years experience in senior auditing jobs.

Age: 30-40 years.

Knowledge of Arabic language is essential. The candidates will be expected to perform operational audit, prepare audit programme and evaluate the effectiveness of the system. The above positions carry an excellent salary package and good fringe benefits.

Interested persons should apply in confidence within ten days giving full details of qualifications, experience, present salary and enclosing a recent passport-size photograph indicating contact address and telephone number to:—

The Group Employee Relations and Recruitment Manager
P.O. Box 152, Dubai, United Arab Emirates

GENEVA BASED

PROJECT FINANCE ASSISTANT MANAGER

INTERNATIONAL FINANCIAL GROUP specialising in Middle East project financing, trade financing, leasing and financial services,

REQUIRES AN ASSISTANT MANAGER

to be responsible for a range of activities associated with the evaluation and financing of projects and trade principally in the Arab world.

The position commands a good salary and an opportunity to join a young group in a rapidly expanding organisation with attractive prospects.

Applicants should be fluent in English and Arabic, aged 25-35, and should indicate whether they have or would require an appropriate Swiss permit.

R. Macleod, Projects Manager
SHARI'A INVESTMENT SERVICES SA
P.O. Box 696, 1211 Geneva 1
A MEMBER OF THE ISLAMIC INVESTMENT COMPANY GROUP

DEPUTY GENERAL MANAGER
THAILAND

Age 35+ — **Remuneration £20,000 per annum**

The Anglo-Thai Corporation Limited, a British company with substantial interests in the Far East and S. E. Asia, requires a Deputy General Manager for its Industrial and Commercial Group in Thailand. Candidates should be able to demonstrate a successful record in the management of a marketing and distributive organisation where the emphasis is on profitability and a wide ranging portfolio of products. The successful applicant will be expected to make a major contribution to the profitable development of the business, as well as controlling a number of cost and profit centres.

Remuneration will be in the region of £20,000 per annum (£15,000 after tax), together with the usual substantial fringe benefits associated with a major group.

Applications giving full career details should be sent in confidence to:

The Managing Director
The Anglo-Thai Corporation Limited
61 St Mary Axe, London, EC3A 8AS

INTERNATIONAL AUDITOR

The European Internal Audit Department of IC Industries, a $4 billion diversified U.S. international corporation, has an opening for an experienced senior auditor (under 32 years of age) to supervise and conduct financial and operational reviews *of the Group's expanding European operations.*

POSITION REQUIREMENTS:

—Accountancy qualification.

—At least four years' experience, including some supervisory responsibilities, with a major international audit firm or equivalent experience on the internal audit staff of a *multinational corporation.*

—Aside from English, fluency in German and an excellent working knowledge of French.

—Because considerable European travel is involved, the potential work location to be agreed with the successful candidate.

Prospects for promotion within the Audit Group or into Company operations are very promising in the future.

If you meet the above requirements, please write in confidence, giving full career/personal details and salary requirements to:

Internal Audit Manager—Europe
IC INDUSTRIES
c/o Abex International S.A
55, Chemin Moise-Duboule
CH-1209 Geneva, Switzerl

Recently established international Bank based in Paris, seeks

INTERNATIONAL LENDING OFFICER

The successful candidate, aged 28-35, should:

* be a graduate, preferably in business economics
* have experience in international banking
* be familiar with the Greek business world
* be fluent in *GREEK*, English and French

Assistant to the International Manager, he will be responsible for the development of a portfolio composed of Greek and Greek-oriented European companies and as such will have to travel extensively.

Please send applications and CV to:
Box A7567, Financial Times, 10 Cannon Street, EC4P 4BY

International Appointments

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar firm

The dollar improved against most major currencies yesterday, helped by a continuing high level in U.S. interest rates. This was underlined by a number of major U.S. banks increasing their prime rates to 20½ per cent from 20 per cent.

Sterling lost ground against the dollar but improved slightly in terms of European currencies to finish unchanged on balance.

European currencies were all weaker against the dollar yesterday. Within the European Monetary System the French franc showed some improvement, following assertions by the French Prime Minister that the franc would remain in the EMS. The Danish krone was also stronger but touched a record low against the dollar. The D-mark remained the most improved currency while the Belgian franc was again the weakest.

DOLLAR — trade weighted index (Bank of England) rose from 110.4 to 110.9. The dollar continued to attract interest and touched record levels against the lira and Danish krone and a best level against the D-mark since October 1976. Against the D-mark it rose to DM 2.4750 from DM 2.4440 and SwFr 2.1145 against SwFr 2.0890. It finished at Y229.35 against the yen compared with Y228.65 and FFr 5.8680 from FFr 5.7780.

STERLING — trade weighted index (Bank of England) was unchanged at 93.5, having stood at 93.4 at noon and 93.3 in the morning. Trading was rather nervous in sterling, reflecting to some extent uncertainty over Government manipulation of short term interest rates. Against the dollar the pound fell to a low of $1.8775 in early trading but recovered to a high of $1.8960 before closing at $1.8790-1.8800, a fall of 2.4c, and a new three-year low. It eased slightly against the D-mark to DM 4.65 from DM 4.6550 but rose against the French franc to FFr 11.03 from FFr 11.00. It was unchanged against the Swiss franc at SwFr 3.9750.

D-MARK—Strongest member of the European Monetary System but losing ground once again to the strong dollar as U.S. interest rates remain firm. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports may assist a recovery as long as U.S. rates do not show a further rise—The D-mark fell sharply against the dollar at yesterday's fixing in Frankfurt. The dollar was fixed at DM 2.4645 compared with DM 2.4445 but this was lower than the morning's high, reflecting a firmer trend in Euro-mark rates. In later trading the U.S. unit was quoted at DM 2.4640. Sterling was fixed lower at DM 4.6510 from DM 4.6750 while the Belgian franc rose to DM 6.1130 per BFr 100 from DM 6.1020.

BELGIAN FRANC—The Belgian franc has come under pressure within the EMS prompting the authorities to increase short term interest rates. It is now trading slightly above its floor against the D-mark but continues to need central bank support. Fundamentals depressing the Belgian unit include a large budget and trade deficit—The Belgian franc improved against the D-mark at the Brussels fixing yesterday. The D-mark fell to BFr 16.35 from BFr 16.3525 while sterling was lower at BFr 76.0 compared with BFr 76.47. On the other hand the dollar rose to BFr 40.3575 from BFr 39.97. Pressure on the franc was underlined by figures released yesterday showing that in the previous week the authorities had spent some BFr 10bn supporting their currency in addition to the BFr 11bn spent the previous week. Market sources suggested that circumstances this week may involve the authorities in maintaining the recent level of support.

THE POUND SPOT AND FORWARD

July 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8775-1.8960	1.8790-1.8800	0.90-1.00c dis	−6.06	2.40-2.50dis	−5.21
Canada	2.2625-2.2760	2.2630-2.2640	1.35-1.45c dis	−7.42	3.50-3.65dis	−6.32
Nethlnd.	5.16-5.20	5.16½-5.17½	⅝c pm-⅛ dis	0.29	1¼-¾ pm	0.98
Belgium	75.80-76.50	76.00-76.10	25-35c dis	−4.73	85-95 dis	−4.73
Denmark	14.52½-14.62	14.53-14.54	5½-6½ore dis	−4.95	15-16¼ dis	−4.37
Ireland	1.2710-1.2790	1.2730-1.2745	0.21-0.36p dis	−2.68	0.84-1.04dis	−2.96
W. Ger.	4.64-4.68	4.64½-4.65½	⅛pf pm-⅛ dis	—	⅞-⅜ pm	0.54
Portugal	121.10-122.50	121.20-121.40	55-110c dis	−8.16	150-300 dis	−7.42
Spain	184.25-185.80	184.40-184.60	80-110c dis	−6.18	235-305 dis	−5.85
Italy	2,300-2,320	2,302-2,304	29-31 lire dis	−15.63	84½-87¼dis	−14.91
Norway	11.46-11.55	11.46½-11.47½	½ore pm-1 dis	−0.26	2½-1 pm	0.61
France	10.97-11.05	11.02½-11.03½	8-9c dis	−9.25	22-23½ dis	−8.25
Sweden	9.78½-9.87	9.79-9.80	1¼-2¼ore dis	−2.14	3⅞-4⅞ dis	−1.79
Japan	430-436	430½-431½	2.25-1.95y pm	5.85	6.65-6.25 pm	5.94
Austria	32.60-32.90	32.60-32.65	1gro pm-4 dis	−0.55	5 pm-5 dis	—
Switz.	3.96½-4.01½	3.97-3.98	1½-⅝c pm	2.64	3-2½ pm	2.77

Belgian rate is for convertible francs. Financial franc 79.05-79.15. Six-month forward dollar 4.05-4.15c dis, 12-month 5.20-5.40c dis.

THE DOLLAR SPOT AND FORWARD

July 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8775-1.8960	1.8790-1.8800	0.90-1.00c dis	−6.06	2.40-2.50dis	−5.21
Ireland†	1.4770-1.4870	1.4770-1.4800	0.35-0.45c dis	−3.23	0.75-0.90dis	−2.22
Canada	1.2030-1.2057	1.2054-1.2057	0.04-0.07c dis	−0.55	0.24-0.28dis	−0.86
Nethlnd.	2.7370-2.7475	2.7425-2.7475	1.48-1.38c pm	6.26	4.22-4.12 pm	6.08
Belgium	40.28-40.48	40.46-40.48	6c pm-1 dis	0.74	6 pm-1 dis	0.26
Denmark	7.7065-7.7400	7.7325-7.7375	0.60-0.35ore pm	0.74	1.60-1.10 pm	0.70
W. Ger.	2.4600-2.4775	2.4745-2.4755	1.23-1.17pf pm	5.82	3.54-3.48 pm	5.67
Portugal	64.60-64.90	64.60-64.80	par-25c dis	−2.32	par-75 dis	−2.32
Spain	98.05-98.20	98.15-98.20	par-10c dis	−0.61	20-40 dis	−1.22
Italy	1,223-1,226	1,224-1,226	8½-10 lire dis	−9.06	28-31 dis	−9.63
Norway	6.0860-6.1050	6.1000-6.1050	3.40-2.90ore pm	6.20	8.65-8.15 pm	5.51
France	5.8075-5.8705	5.8655-5.8705	1½-2¼c dis	−3.87	4¼-5¼ dis	−3.27
Sweden	5.2015-5.2200	5.2025-5.2075	1.90-1.70ore pm	4.15	4.90-4.70 pm	3.69
Japan	228.00-231.00	229.30-229.40	2.50-2.35y pm	12.69	6.15-6.00 pm	10.59
Austria	17.35½-17.40	17.35½-17.36½	8.70-7.20gro pm	5.49	24.50-20.50pm	5.18
Switz.	2.1025-2.1175	2.1140-2.1150	1.64-1.54c pm	9.02	4.33-4.23 pm	8.10

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	93.5	−30.7
U.S. dollar	110.9	+4.1
Canadian dollar	88.4	−17.1
Austrian schilling	110.1	+21.4
Belgian franc	104.4	+8.8
Danish kroner	85.0	−11.8
Deutsche mark	115.2	+37.1
Swiss franc	135.8	+83.4
Guilder	107.1	+13.5
French franc	82.4	−11.9
Lira	57.0	−55.8
Yen	142.2	+35.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.596214	0.641453
U.S. $	14	1.14026	1.03742
Canadian $	19.06	1.37150	1.24667
Austria Sch.	6¾	19.6581	17.8956
Belgian F.	13	45.5762	41.4036
Danish K.	11	8.74579	7.94512
D mark	7½	2.78737	2.53339
Guilder	9	3.09524	2.81796
French Fr.	9½	6.59298	5.98891
Lira	19	1385.42	1260.21
Yen	6¼	261.918	237.363
Norwgn. Kr.	9	6.91796	6.29457
Spanish Pts.	8	110.913	100.952
Swedish Kr.	12	5.89172	5.36089
Swiss Fr.	5	2.38053	2.16490
Greek Dr'ch.	20½	Unavail.	68.0173

OTHER CURRENCIES

July 8	£	$		£ Note Rates
Argentina Peso	8695-8715†	4595-4605†	Austria	32.65-33.00
Australia Dollar	1.6415-1.6455	0.8735-0.8740	Belgium	78.80-79.60
Brazil Cruzeiro	175.44-176.44	92.74-93.20	Denmark	14.52-14.67
Finland Markka	8.600-8.606	4.5420-4.5440	France	10.90-11.00
Greek Drachma	112.127-115.559	60.10-60.30	Germany	4.64-4.68
Hong Kong Dollar	10.72¼-10.74¼	5.6710-5.6740	Italy	2260-2320
Iran Rial	154.50*	80.80*	Japan	433-439
Kuwait Dinar(KD)	0.532-0.538	0.2831-0.2834	Netherlands	5.16½-5.20½
Luxembourg Frc.	76.00-76.10	40.46-40.48	Norway	11.45-11.57
Malaysia Dollar	4.4350-4.4450	2.3435-2.3485	Portugal	119-125
New Zealand Dlr	2.2300-2.2350	1.1870-1.1880	Spain	178-185
Saudi Arab. Riyal	6.41-6.47	3.4090-3.4120	Sweden	9.79-9.89
Singapore Dollar	4.0875-4.0975	2.1620-2.1640	Switzerland	3.97-4.01
Sth African Rand	1.7085-1.7095	0.9090-0.9095	United States	1.88¼-1.89¼
U.A.E. Dirham	6.90-6.96	3.6700-3.6730	Yugoslavia	69-78

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,203-11,223 and for the dollar 5,900-5,950. * Selling rate.
July 7 Australia dollar/Sterling 1.6600-1.6640.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3977	+1.47	+1.47	±1.5361
Danish Krone	7.91917	7.92766	+0.11	+0.11	±1.6413
German D-Mark	2.54502	2.53348	−0.45	−0.45	±1.1386
French Franc	5.99525	5.97772	−0.29	−0.29	±1.3638
Dutch Guilder	2.81318	2.81724	+0.14	+0.14	±1.5159
Irish Punt	0.685145	0.692995	+1.15	+1.15	±1.6868
Italian Lira	1262.92	1258.52	−0.35	−0.35	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.880	4.650	431.0	11.03	3.975	5.170	2303.	2.264	76.05
U.S. Dollar	0.532	1.	2.474	229.3	5.869	2.115	2.751	1225.	1.204	40.46
Deutschemark	0.215	0.404	1.	92.69	2.372	0.855	1.112	495.3	0.487	16.35
Japanese Yen 1,000	2.320	4.361	10.79	1000.	25.59	9.223	12.00	5343.	5.252	176.5
French Franc 10	0.907	1.704	4.216	390.8	10.	3.604	4.687	2088.	2.052	68.95
Swiss Franc	0.252	0.473	1.170	108.4	2.775	1.	1.301	579.4	0.569	19.13
Dutch Guilder	0.193	0.364	0.899	83.37	2.133	0.769	1	445.5	0.438	14.71
Italian Lira 1,000	0.434	0.816	2.019	187.1	4.789	1.726	2.245	1000.	0.983	33.02
Canadian Dollar	0.442	0.830	2.054	190.4	4.873	1.756	2.284	1017.	1.	33.60
Belgian Franc 100	1.315	2.471	6.114	566.7	14.50	5.227	6.798	3028.	2.976	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 8)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 1/8	offer 18 1/4	bid 17 11/16	offer 17 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11⅝-11⅞	19¼-19½	18⅛-19½	11¾-11⅞	5⅛-6	11⅝-11¾	19½-22½	30-40	11-13	6¼-6¾
7 days' notice	12⅛-12⅜	19¼-19½	18⅛-19½	12⅜-12 11/16	5¼-5¾	11⅞-12⅛	19½-22½	27-32	13-15	6⅜-6⅝
Month	12 7/16-12 11/16	18-18¼	19⅛-19½	12⅝-12 11/16	9¼-9⅝	12¼-12⅜	21-23	27½-29	17-17½	6 13/16-7 1/16
Three months	13⅛-13 5/16	18-18¼	19-19⅜	12-12⅛	10-10⅛	12⅜-12½	20½-22	27½-28½	17 1/16-17 5/16	7 3/16-7 7/16
Six months	13⅜-13⅝	17¾-18	18⅜-18¾	11 15/16-12 1/16	10 1/16-10 5/16	12 1/16-12 5/16	19¾-20¾	26½-27½	17 3/16-17 7/16	7¾-8
One Year	13⅝-13⅞	16⅝-16⅞	17⅝-18	11 15/16-12 1/16	9¼-9⅝	12 3/16-12 7/16	18¼-19¼	25¼-26¼	16¼-16¾	8⅛-8⅜

SDR linked deposits: one-month 15⅛-15½ per cent; three months 15 9/16-15 11/16 per cent; six months 15⅛-15½ per cent; one-year 14½-14⅞ per cent.
ECU linked deposits: one-month 15½-15⅞ per cent; three months 15 13/16-16 1/16 per cent; six months 15½-15⅞ per cent; one-year 15⅛-15½ per cent.
Asian $ (closing rates in Singapore): one-month 18-18⅛ per cent; three months 18⅛-18¼ per cent; six months 17-17⅛ per cent; one-year 16 11/16-16 13/16 per cent.
Long-term Eurodollar two years 16-16¼ per cent; three years 15⅞-16⅛ per cent; four years 15¾-16 per cent; five years 15⅝-15⅞ per cent; nominal closing rates.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.80-18.90 per cent; three months 18.00-18.10 per cent; six months 17.40-17.50 per cent; one-year 16.30-16.40 per cent.

MONEY MARKETS

Quiet, but nervous

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Conditions were comfortable in the London money market yesterday, and the authorities did not intervene. Discount houses paid only 2-4 per cent for secured call loans at the close, after 11½-12 per cent earlier in the day. In the interbank market overnight money finished at 2-3 per cent, indicating that a small surplus of funds was left in the banking system, although the morning forecast was for a flat day. Overnight money opened at 11¾-12 per cent, and drifted down until the sharp late fall.

There was a small excess of revenue payments to the Exchequer over Government disbursements, but the market was helped by a moderate number of maturing Treasury bills.

Fixed period interest rates showed an easier trend, with three-month interbank funds falling to 13⅛-13⅜ per cent from 13¼-13⅝ per cent. The houses buying rates for three-month eligible bank bills were steady at 12⅝ per cent, and rates for three-month Treasury bills were at a similar level.

Despite the apparent calm the market was very nervous about the future trend in London interest rates following the continued strength of U.S. rates and the extreme depression of the Government securities market following the very low price at which the index-linked 2 per cent Treasury 2006 stock was sold yesterday.

In New York Federal funds very firm at 20½ per cent in early trading, and several banks, including Citibank, raised their prime rates by ½ per cent to 20½ per cent.

In Paris the Bank of France lowered its money market intervention rate by ½ per cent to 18¼ per cent. The authorities bought FFr 7bn of first category paper from the commercial banks in a further move to ease the sharp upward movement in rates which followed the Socialist election victories. The move was generally expected after the lowering of the official rate on seven-day Treasury bills last week by 2½ per cent to 19¾ per cent, and injection of FFr 24bn of funds into the market at 18¾ per cent through purchases of first category paper.

Call money was unchanged at 18¾ per cent yesterday, but period rates eased.

GOLD

Weaker tendency

Gold closed below $400 for the first time since November 1979 in the London bullion market yesterday at $397-399, a fall of $9 an ounce from Tuesday's close in London. The metal opened at $399-401 but suffered as a result of a firmer dollar and high U.S. interest rates.

In Paris the 12½ kilo bar was fixed at FFr 87,800 per kilo ($468.81 per ounce) compared with FFr 87,500 ($466.81) in the morning and FFr 88,600 ($476.61) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,865 per kilo ($402.0 per ounce) against DM 31,850 ($405.01) previously and closed at $397-399 from $404-406.

In Luxembourg the 12½ kilo bar was fixed at LuxFr 539,000 per kilo ($400.05 per ounce) against LuxFr 542,000 ($406.50).

In Zurich gold finished at $396-399 compared with $404-407.

	July 8		July 7	
Gold Bullion (fine ounce)				
Close	$397-399	(£210-211)	$406-408	(£213½-214½)
Opening	$399-401	(£211-212)	$404-406	(£211¼-212¼)
Morning fixing	$400.00	(£211.249)	$403.60	(£210.485)
Afternoon fixing	$397.75	(£210.227)	$405	(£212.828)
Gold Coins				
Krugerrand	$410-411	(£217¾-218¼)	$420-421	(£220½-221)
1/2 Krugerrand	$211-212	(£112-112½)	$216¼-217¼	(£113½-114)
1/4 Krugerrand	$107½-108½	(£57-57½)	$110-111	(£57¾-58¼)
1/10 Krugerrand	$44-45	(£23¼-23¾)	$45-46	(£23½-24)
Mapleleaf	$399-402	(£212-213½)	$409-412	(£214¾-216¼)
New Sovereigns	$99¼-100	(£52¾-53¼)	$102-102¾	(£53⅛-54)
King Sovereigns	—	—	$108-110	(£56¾-57¾)
Victoria Sovs	—	—	$108-110	(£56¾-57¾)
French 20s	$105-110	(£55¼-58½)	$107-112	(£56-58¾)
50 pesos Mexico	$494-498	(£262½-264½)	$504-508	(£264½-266½)
100 Cor. Austria	$384-389	(£204-206½)	$393-399	(£206¼-209½)
$20 Eagles	$537-542	(£285¼-288)	$539-544	(£283-285½)

MONEY RATES

NEW YORK

Prime rate	20-20½
Fed. funds	20-20½
Treasury bills (13-week)	15.00
Treasury bills (26-week)	14.55

GERMANY

Special Lombard	12.0
Overnight rate	11.975
One month	12.75
Three months	12.95
Six months	12.95

FRANCE

Intervention rate	18.25
Overnight rate	18.75
One month	17.9375
Three months	17.5
Six months	16.75

JAPAN

Discount rate	6.25
Call (unconditional)	7.25
Bill discount (three-month)	7.46875

LONDON MONEY RATES

July 8 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	2-12	11¾-12	—	—	10-12¼	2-12	—	—	—
2 days notice	—	—	12-12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12-12½	12¼-12⅜	—	12⅛	12¼-12½	11¾-11⅞	—	—	—
One month	12⅝-12⅜	12 1/16-12 11/16	12½	13⅜-13¼	12⅞	12¾-12⅞	13	12⅝-12⅝	12 11/16-12⅛	13
Two months	13 1/16-12 15/16	12⅞-13 1/16	—	13¾-13⅜	13 1/16	13½	12¼	12½-12⅝	12⅝	13 1/16
Three months	13 1/16-13	13⅛-13⅜	13¼	13¾-13⅜	13⅛	13⅝-13⅞	12½	12⅝	12⅝	13¼
Six months	13½-13⅜	13 7/16-13⅝	13½	13⅝-13⅜	13⅞	14	—	—	12 11/16-12¾	13¼
Nine months	13 11/16-13 9/16	13 9/16-13¾	—	14-13½	13 15/16	14⅛	—	—	—	—
One year	13 13/16-13 11/16	13⅝-13 11/16	13⅜	14-13½	14	14¼	—	—	—	—
Two years	—	—	13⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14⅞ per cent; four years 14¾ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 11/16-12¾ per cent; four months trade bills 13¼ per cent.

Approximate selling rate for one-month Treasury bills 12-12½ per cent; two months 12¼-12⅜ per cent; three months 12⅜ per cent. Approximate selling rate for one-month bank bills 12 9/16-12⅝ per cent; two months 12½ per cent; three months 12½-12 9/16 per cent; one-month trade bills 12¾ per cent; two months 12 15/16 per cent and three months 13 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.9839 per cent.

Gilt-edged securities collapse late following result of new index-linked issue—Leading shares down again

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
June 29	July 9	July 10	July 20
July 13	July 23	July 24	Aug 3
July 27	Aug 6	Aug 7	Aug 17

* "New-time" dealings may take place from 9.30 am two business days earlier.

Quotations for Government securities collapsed in yesterday's late unofficial trade when dealings resumed after being halted following the result of the second £1bn tender issue of the second Treasury index-linked stock, dealings in which begin this morning. Applications for the 2006 stock were allotted in full at £86 and above, a level far below expectations and comparing with the £100 at which the 1996 index-linked was sold four months ago. It was announced that the balance of the 2006 issue would not be available to the secondary market at less than £86.

The trading recess was taken to assess the implications of the announcement and to allow dealers to effect price adjustments. When business restarted, the market was extremely nervous with quotations lower, sharply in some cases, and on much wider dealing spreads. Treasury 2 per cent index-linked 1996 bore the brunt of the weakness, falling to 92¼ for a fall of 4 points on the overnight close. Longer maturities dropped various amounts extending to 1¾ points, while the short tap stock, Treasury 11½ per cent 1985, came back 1⅛ to 90¾. The FT Government Securities index tumbled again to end 0.95 down at 63.81.

Leading equities fell in the wake of Gilts and the FT Industrial Ordinary share index, which had recorded a rise of 2.1 at the first calculation and was only 2.8 down at 3.00 pm, was finally 7.1 lower on the day at 522.4: this extended its fall over the past three sessions to 25.6, or nearly 5 per cent. Scattered bear-covering was largely responsible for the initial firmness, genuine investment interest again being negligible. The morning raid and subsequent bid for Letraset from Mills and Allen aroused some enthusiasm.

Insurances active

Once again, dealings in Traded options were dominated by British Petroleum. Total contracts completed yesterday amounted to 2,020, of which 1,361 were arranged in BP positions. The October 300's were particularly active with 974 calls and 123 puts. Interest was also noted for Commercial Union with 182 calls completed.

As expected, the market debut of Memory and Electronic Components (MEMEC) was a spectacular affair; offered at 140p and oversubscribed some 58 times, the shares opened at 196p and touched 204p on good support before closing at 194p.

Composite Insurances traded actively on continuing "dawn raid" and outright bid hopes, but gains were replaced by net falls by the close. Commercial Union, the subject of considerable speculative activity of late, opened around 4 higher at 179p, but reacted to 170p before closing a penny cheaper on balance at 174p. Eagle Star, in which the German concern Allianz holds a 28.1 per cent stake, closed 8 down at 313p. Sun Alliance ended 10 off at 896p, after 912p, and Royals 9 cheaper at 372p, after 385p. General Accident and GRE shed 10 apiece to the common price of 330p.

The major clearing banks, inclined harder at first, drifted back to close with losses extending to 8, as in Barclays at 432p. Discounts joined in the late downturn. Elsewhere, Standard and Chartered shed 12 to 643p.

Breweries succumbed to a further mark-down and falls ranged to 5. In sharp contrast, annual profits from H. P. Bulmer proved to be much better than the market had expected and the shares rose 21 in a narrow market to 237p. Fellow cider manufacturers Merrydown gained the turn to 31p in sympathy.

Quietly dull conditions prevailed in Buildings. Among the leaders, Blue Circle shed 6 for a two-day fall of 18 to 478p. Elsewhere, May and Hassell, still unsettled by the poor results, shed another 3 to a 1980 low of 69p, while Heywood Williams remained on offer and gave up 2 more to 25p.

Leading Chemicals remained under pressure in the wake of the ICI chairman's gloomy forecast on the industry's prospects. ICI lost 8 for a two-day reaction of 14 to 262p, while Fisons shed another 6 to 132p. Allied Colloids eased 5 afresh to 142p, while Stewart Plastics, a rising market of late on bid hopes, gave up 3 to 152p.

Polly Peck lower

Store majors continued to drift gently lower, although actual selling was small. UDS shed a couple of pence to 75p, while British Home dipped 5 at 137p. Secondary counters were irregular, with Polly Peck continuing to react to profit-taking and easing 7 more to 333p. Cornell Dresses also encountered sporadic selling and closed 5 cheaper at 158p, while Wearwell shaded to 88p. The chairman's bearish statement on current trading clipped 4 from Foster Brothers Clothing, 82p, but Greenfields Leisure added a penny to 38p awaiting today's interim statement.

Leading Electricals passed a relatively quiet session, but drifted lower on lack of support. GEC gave up 11 to 732p while Plessey, 324p, and Racal, 413p, eased 3 apiece. Thorn EMI, down 4 more at 380p, continued to give ground awaiting tomorrow's preliminary statement. Among secondary issues, Berec responded to the chairman's annual statement with a rise of 4 to 64p.

Tubes found support after recent weakness and rallied to 142p before settling at 140p for a rise of 8, but other leading Engineers drifted off a few pence in common with the general trend. Among secondary issues, Amalgamated Power firmed 8 to 97p, while Birmingham Mint hardened a few pence following the preliminary results. Birmingham Pallet, in contrast, encountered revived selling and gave up 3 to 49p.

Among lack-lustre Foods, Hazlewood, a good market of late on results, encountered profit-taking and shed 15 to 240p. Associated Fisheries, inclined firmer after the better-than-expected interim profits and maintained dividend, subsequently reverted to the overnight level of 57p. The leaders mirrored the general trend and closed with moderate losses.

Hotels and Caterers had Rowton, a thin market, 5 off at 118p following the annual meeting.

The near-£½m rights issue call clipped a penny from Allied International Designers, 26p; the shares are dealt in the Unlisted Securities Market. The annual loss and pruned dividend announced by John Waddington proved to be no worse than the market had feared and the shares held at 128p.

BP new weak again

A touch better at first, Properties drifted off in line with the general trend but the appearance of sellers in the late trade gave the sector a decidedly weaker appearance at the close. Land Securities finished 8 down at 392p and MEPC 7 cheaper at 232p. Great Portland Estates came on offer late and shed 8 to 238p.

Oil shares remained overshadowed by the continuing weakness in British Petroleum rights issues, the new nil-paid falling afresh to 6p premium before closing 8 lower on the day at 10p premium and the HMG share ending at ½p premium. Further considerations of the preliminary statement brought a marked turnround in IC Gas which, after Tuesday's rise of 18, reacted 15 to 178p.

Mercantile House continued to respond to steady buying in the wake of the pleasing results and capital proposals and advanced 27 to 905p. Elsewhere in Financials, Fashion and General added 2 to 277p following the increased interim earnings.

Golds lose ground

Textiles generally ended with modest falls, but Hollas, on the small increase in full-year profits, closed 2 dearer at 104p. Homfray lost the turn to 13p despite the reduced interim deficit.

In Tobaccos, Bats fell 8 for a two-day loss of 18 to 355p, while Rothmans eased a penny to 70½p. Imps, on the other hand, held at 68p awaiting today's interim results.

South African Golds came under late selling pressure as a further rise in American interest rates saw the bullion price dip $9 to $398 an ounce—the first time it has fallen below the $400 level since November 1979.

The sharemarket opened above the previous day's London closes, owing to strong U.S. buying in late after-hours' dealings on Tuesday. However, persistent small selling early yesterday was followed by sizable offerings in the after-hours' trade and prices closed showing widespread losses although the Gold Mines Index gave up only 1.9 to 293.2.

In the medium and cheaper-priced issues, Blyvoor closed unchanged on balance at 570p, after 581p, but Venterspost dropped 20 to 375p following the fire at the mine.

In Financials, dealings in Rand Mines Properties were suspended at the company's request; an announcement will be made in today's Press and dealings are expected to resume at 9.30 am.

Australians were again sold, reflecting further losses in overnight Sydney and Melbourne markets and the decline in gold. Dealings in Endeavour Resources were suspended at 32p in London following similar action in Australia overnight pending clarification of the takeover bid for Northern Mining.

Elsewhere, SPO Minerals were re-quoted at 32p ex the rights issue; the new shares were quoted around 2½p premium. Hemerdon slipped 5 to a 1981 low of 60p on light selling in the absence of support.

FINANCIAL TIMES STOCK INDICES

	July 8	July 7	July 6	July 3	July 2	July 1	A year ago
Government Secs.	63.81	64.76	64.67	65.51	65.51	66.51	70.73
Fixed Interest	66.75	66.99	67.04	67.38	67.46	67.56	71.66
Industrial Ord.	522.4	529.5	540.8	548.0	546.9	548.7	493.0
Gold Mines	293.2	295.1	286.6	290.8	279.8	274.8	369.2
Ord. Div. Yield	6.11	6.03	5.91	5.83	5.82	5.81	7.36
Earnings, Yld. %(full)	12.27	12.11	11.87	11.71	11.61	11.59	17.90
P/E Ratio (net) (*)	10.15	10.29	10.50	10.64	10.78	10.77	6.77
Total bargains	18,646	20,338	15,581	17,778	17,665	19,546	26,926
Equity turnover £m.	—	120.27	114.33	105.67	111.14	104.43	130.99
Equity bargains	—	16,143	15,611	14,920	156.54	16,029	20,100

10 am 531.6. 11 am 531.4. Noon 528.8. 1 pm 528.3. 2 pm 527.0. 3 pm 526.7.

* Nil=9.40.

Latest Index 01-246 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/5)	63.81 (8/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5)	66.75 (8/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (6/1)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 7	July 6
—Daily		
Gilt Edged Bargains	170.3	158.1
Equities Bargains	104.6	101.1
Value	245.1	251.1
5-day Avrge.		
Gilt Edged Bargains	153.7	148.8
Equities Bargains	101.4	103.4
Value	234.7	222.7

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (25)

AMERICANS (2)
Pennzoil Reliance

CANADIANS (3)
Bow Valley Intl. Nat. Gas
Hudson Bay Oil, Gas

BANKS (1)
Schroders

BEERS (3)
Bulmer (H. P.) Do. Non. Vtg.
Young & Co. 'A'

ELECTRICALS (2)
A. B. Electronic Security Centres

ENGINEERING (3)
Tube Invs. Amalgamated Power
Fife Forge

INDUSTRIALS (2)
Letraset Whatman Reeve Angel

LEISURE (1)
Saga Holidays

NEWSPAPERS (1)
Routledge & K. P.

TEXTILES (2)
Hollas Group Toray

TRUSTS (5)
General Funds New Tokyo Inv.
Do. Conv. Mercantile House
Inv. In Success

NEW LOWS (115)

BRITISH FUNDS (69)
FOREIGN BONDS (2)
BANKS (4)
BUILDINGS (3)
DRAPERY & STORES (2)
ELECTRICALS (2)
ENGINEERING (4)
INDUSTRIALS (6)
LEISURE (1)
NEWSPAPERS (2)
PROPERTY (2)
TRUSTS (2)
OIL AND GAS (8)
OVERSEAS TRADERS (3)
MINES (5)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	89	5
Corpns. Dom. & Foreign Bonds	4	5	58
Industrials	139	352	877
Financial & Props.	73	173	251
Oils	14	50	29
Plantations	—	7	16
Mines	30	51	86
Others	135	20	36
Totals	396	747	1,358

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, June 7, 1981

Contracting, Construction	+36.11	Insurance (Life)	+16.02
Other Industrial Materials	+30.89	Newspapers, Publishing	+15.60
Tobaccos	+30.48	Food Retailing	+13.55
Health and H'sehold Products	+27.63	Office Equipment	+13.49
Hire Purchase	+27.63	Financial Group	+13.21
Textiles	+27.61	Banks	+11.41
Packaging and Paper	+25.63	Investment Trusts	+10.09
Engineering Contractors	+25.06	Motors	+ 9.39
Insurance Brokers	+24.28	Metals and Metal Forming	+ 7.73
Other Consumer	+24.17	Property	+ 7.44
Food Manufacturing	+22.72	All-Share Index	+ 7.38
Building Materials	+22.66	Mining Finance	+ 6.06
Capital Goods	+21.69	500-Share Index	+ 5.90
Mechanical Engineering	+21.55	Stores	+ 2.69
Electricals	+19.78	Overseas Traders	+ 2.30
Insurance (Composite)	+19.76	Other Groups	+ 1.99
Leisure	+19.25	Shipping and Transport	+ 1.08
Merchant Banks	+16.41	Discount Houses	− 4.19
Consumer Group	+16.11	Chemicals	− 6.54
Industrial Group	+16.10	Gold Mines Index	−27.58
Brewers and Distillers	+16.05	Oils	−27.61

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
British Aerospace	225	+ 1	I. C. Gas	178	−15
BP New Nil/Paid	8pm	−10	Letraset	109	+22
Bulmer (H.P.)	237	+21	Memec	194	—
Commercial Union	174	− 1	Mercantile House	905	+27
Eagle Star	313	− 8	Mills & Allen	435	−20
GEC	722	−11	RTZ	515	− 3

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
BP New (HMG)	18	5pm	− 5	Mercantile Hse.	11	878	+40
IC Gas	17	193	+18	RTZ	11	518	−12
Inchcape	16	398	−17	Shell	11	340	− 6
Unilever	13	573	−17	BAT Inds.	10	363	−10
Rooner A	12	210	+13	Distillers	10	224	− 7
GEC	11	733	−12	GKN	10	138	− 5
ICI	11	270	− 6	Tube Invs.	9	132	− 6

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 6	July 17	Oct. 8	Oct. 19
July 20	July 31	Oct. 22	Nov. 2
Aug. 3	Aug. 14	Nov. 5	Nov. 16

For rate indications see end of Share Information Service

Money was given for the call in NCC, Fisons, South African Land, Tubes, ICI, BP, Associated Communications, Vickers, Britannia Arrow, Burmah Oil, Rothmans International, British Benzol, Mersey Docks, Grand Metropolitan, FNFC, Premier Oil, Western Areas, Royal Insurance and Lonrho. A put was taken out in Trafalgar House, while doubles were arranged in Western Areas, Candecca and Lonrho.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., July 8, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. July 7 Index No.	Mon. July 6 Index No.	Fri. July 3 Index No.	Thurs. July 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	347.50	−0.6	10.66	4.51	11.57	349.76	356.10	359.31	357.45	271.65
2	Building Materials (25)	300.56	−0.5	13.53	5.79	8.98	301.93	309.35	309.02	307.46	259.11
3	Contracting, Construction (28)	549.09	−0.3	17.29	5.15	6.73	550.47	568.75	563.85	564.08	399.02
4	Electricals (29)	1135.74	−1.0	8.09	2.42	15.12	1146.71	1161.67	1175.46	1162.66	754.58
5	Engineering Contractors (11)	497.12	—	11.99	5.43	10.05	497.12	503.73	505.95	503.52	325.24
6	Mechanical Engineering (69)	207.25	−0.6	12.87	5.77	9.77	208.50	212.73	215.41	215.89	179.47
8	Metals and Metal Forming (13)	145.90	−1.4	11.21	8.14	11.79	147.96	151.90	152.46	153.81	171.52
9	Motors (21)	99.54	−1.3	3.80	7.01	118.96	100.85	102.18	103.94	103.33	103.34
10	Other Industrial Materials (18)	376.35	+0.2	9.71	5.32	12.35	375.61	384.34	387.81	385.24	0.00
21	CONSUMER GROUP (195)	273.76	−1.0	13.04	5.83	9.40	276.51	281.65	284.46	284.19	239.54
22	Brewers and Distillers (20)	300.75	−1.5	15.24	6.40	7.80	305.46	318.96	316.09	321.06	305.09
25	Food Manufacturing (21)	257.69	−0.5	15.17	6.43	7.93	259.05	263.83	265.99	264.27	216.86
26	Food Retailing (14)	523.48	−0.9	9.45	3.39	12.60	528.38	540.63	545.13	539.68	333.69
27	Health and Household Products (7)	332.40	−1.4	8.29	4.40	14.38	337.04	344.26	346.59	341.54	231.05
29	Leisure (22)	414.59	−0.4	11.83	5.10	10.33	416.21	425.16	430.52	431.52	349.24
32	Newspapers, Publishing (12)	490.67	−0.1	12.69	6.10	11.21	491.22	498.73	502.50	507.38	449.87
33	Packaging and Paper (13)	142.59	−0.9	14.73	7.48	8.07	143.92	147.04	149.74	149.80	137.51
34	Stores (44)	251.28	−0.9	11.55	5.26	11.54	253.62	257.22	259.11	258.75	225.97
35	Textiles (23)	157.45	−1.0	7.93	5.83	17.81	159.11	161.34	163.63	162.39	140.15
36	Tobaccos (3)	256.28	−1.6	22.56	9.68	5.09	260.45	266.68	268.26	267.96	239.06
39	Other Consumer (16)	298.32	+0.9	5.45	6.37	34.70	295.69	301.84	301.33	303.34	0.00
41	OTHER GROUPS (79)	222.76	−1.0	13.39	6.80	9.10	224.97	228.80	230.25	228.90	227.29
42	Chemicals (15)	270.67	−2.5	12.01	7.67	10.41	277.70	283.71	285.39	283.31	322.77
44	Office Equipment (6)	116.65	+1.2	15.79	7.18	7.47	115.22	116.41	117.08	117.49	114.08
45	Shipping and Transport (13)	544.68	+0.3	16.21	6.97	7.24	543.30	551.28	555.32	548.19	581.63
46	Miscellaneous (45)	293.25	−0.3	13.22	5.69	9.25	294.13	298.38	300.32	299.15	277.71
49	INDUSTRIAL GROUP (488)	291.70	−0.9	12.17	5.45	10.08	294.24	299.60	302.34	301.38	251.54
51	Oils (12)	659.05	−2.0	25.46	8.71	4.35	672.16	678.81	708.27	716.72	807.71
59	500 SHARE INDEX	321.55	−1.0	14.32	5.98	8.31	324.92	330.40	335.26	335.05	295.61
61	FINANCIAL GROUP (118)	261.89	−1.5	—	5.58	—	265.77	268.82	271.08	267.99	228.35
62	Banks (6)	270.49	−1.7	33.90	6.70	3.44	275.03	275.44	276.84	275.88	238.47
63	Discount Houses (10)	274.84	−1.2	—	8.20	—	278.05	285.29	284.78	284.78	270.57
64	Hire Purchase (3)	251.21	−0.2	12.19	7.23	11.36	251.82	259.72	259.72	259.17	238.76
65	Insurance (Life) (10)	265.49	−0.8	—	5.70	—	267.75	271.88	273.18	269.23	225.45
66	Insurance (Composite) (9)	172.75	−2.0	—	7.38	—	176.35	178.46	179.40	175.11	153.92
67	Insurance Brokers (8)	391.26	−1.5	11.41	5.93	11.90	397.16	407.26	408.57	406.80	333.85
68	Merchant Banks (13)	171.71	−0.5	—	4.94	—	172.53	178.17	179.27	179.36	132.45
69	Property (49)	471.43	−1.4	3.82	2.93	36.09	478.34	483.58	492.89	487.86	422.97
70	Miscellaneous (10)	175.86	−1.0	18.35	5.84	6.63	177.69	179.65	179.21	178.41	138.83
71	Investment Trusts (109)	309.30	−0.3	—	5.10	—	310.31	315.45	316.73	316.29	261.38
81	Mining Finance (3)	239.69	−0.9	14.62	5.70	8.03	241.76	244.05	246.52	249.21	248.03
91	Overseas Traders (20)	433.48	−1.1	11.82	6.87	10.53	438.24	447.30	450.89	450.39	406.36
99	ALL-SHARE INDEX (750)	310.20	−1.1	—	5.86	—	313.55	318.48	322.49	321.72	281.98

FIXED INTEREST

	PRICE INDICES	Wed. July 8	Day's change %	Tues. July 7	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.02	−0.48	107.54	—	5.18
2	5-15 years	102.40	−1.50	103.95	—	6.38
3	Over 15 years	103.53	−1.62	105.23	—	7.78
4	Irredeemables	114.92	−1.30	116.44	—	7.43
5	All Stocks	104.00	−1.20	105.26	—	6.39
6	Debentures & Loans	82.64	−0.16	82.77	—	5.43
7	Preference	63.24	—	63.24	—	3.69

	AVERAGE GROSS REDEMPTION YIELDS		Wed. July 8	Tues. July 7	Year ago (approx.)
	British Government				
1	Low	5 years	12.76	12.54	11.47
2	Coupons	15 years	13.38	13.15	11.43
3		25 years	13.60	13.34	11.43
4	Medium	5 years	14.86	14.57	12.89
5	Coupons	15 years	15.39	15.10	12.95
6		25 years	14.96	14.68	12.90
7	High	5 years	14.97	14.64	13.01
8	Coupons	15 years	15.55	15.28	13.32
9		25 years	15.12	14.89	13.24
10	Irredeemables†		12.84	12.66	11.11
11	Debs & Loans	5 years	15.55	15.55	13.86
12		15 years	15.62	15.59	13.86
13		25 years	15.69	15.63	13.86
14	Preference†		15.72	15.72	14.92

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p:	+ or −	Div. p. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£27	£21½	Allegheny Int. Inc.	£23⅞	+⅜	Q$1.40	—	3.0	—
§35	F.P.	22/7	37	29	Allied Residential 10p	29	−1	b2.45	2.0	12.1	6.0
—	F.P.	—	140	140	Bonusbond	140	.....	—	—	—	—
Ir£0.50	F.P.	19/6	40	26	✱Bula Resources	26	−2	—	—	—	—
§85	F.P.	24/6	140	105	✱Business Comp Syst	110	−5	u1.0	6.7	1.3	15.2
75	F.P.	17/7	91	79	Cambridge Elec.	86	.....	b3.7	2.2	6.2	8.7
‖ ‖	F.P.	—	25	20	††Energy Sources	20	.....	—	—	—	—
—	F.P.	—	7	6	††Explaura Gold	7	+½	—	—	—	—
§10	F.P.	27/5	14	13	F'st Charlotte Ast Tst	13	.....	—	—	—	—
§10	F.P.	—	21	17	✱ICC Oil services	20	.....	—	—	—	39.6
95	Nil	7/8	85	70	KCA Drilling	70	.....	b3.75	1.7	7.7	9.0
140	F.P.	—	204	194	Memec 10p	194	.....	b30	2.3	2.2	27.9
$12	F.P.	—	640	595	Mexico Fund	595	.....				
§51	F.P.	20/7	69	61	✱M'film R'prograph.	65	+1	b2.5	1.4	5.5	18.8
100	F.P.	24/7	107	98	Murray Technology	100	.....	—	—	—	—
‖ ‖	F.P.	—	£37	£30½	Norsk Data	£33	.....	Qh5.5%	9.9	0.4	27.9
§44	F.P.	30/6	58	41	✱Selec TV	41	.....	—	—	—	—
§83	F.P.	17/7	90	80	✱Stanelco	85	−1	—	—	—	25.1
§155	F.P.	3/8	205	190	✱Star Computer	200	+5	2.0	4.3	1.4	20.9
§90	F.P.	31/7	97	92	✱Trident Comp.Serv.	96	.....	bd1.5	4.0	2.2	16.1
§80	F.P.	14/7	91	85	✱UnitedCeramicDist	87	.....	b4.2	1.9	6.9	10.0
100	Nil	15/7	4pm	2pm	Utd. Comp. & Techgy	2pm	.....	—	—	—	—
§88	F.P.	31/7	98	89	✱Zygal Dynamics	96	.....	u0.75	6.5	1.1	16.1

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
—	F.P.	6/7	110	104	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	106	.....
100‖	F.P.	22/7	103½	95	BOC 9% Cnv. Uns. Ln. 2001-6	100½	−½
**	F.P.	26/6	32½p	16p	BPC 7.75% Non. Cum. Prf.	32½p	+1
99.87	F.P.	16/7	99⅝	96¾	Finland 14½% Ln. 1986	96¾	.....
98½	£25	—	25⅝	25	Inco 15¾% Uns. Ln. 2005	25¼	.....
*97	£10	—	10	9¾	Mid-Kent Water 9% Red. Prf. 1987	9¾	.....
¶100	£10	28/8	8½	7½	Mid-Southern Wat. 9% Red. Pref. '86	7½	−¼
‖	Nil	17/7	4¼pm	1½pm	Mount Charlotte 9½% Cnv. Ln. 1995-2000	1½pm	−½
99	F.P.	27/8	99	93	Newcastle Water 7¾% Red. Pref. 1986	94	+1
* *	F.P.	10/7	92	89½	Photax 11% Cum. Pref.	89½	−½
100‖	Nil	23/7	p9m	5pm	Prop. Hld. & Inv. Tst. 8½% Cnv. Ln.	5pm	.....
¶98	F.P.	28/8	79½	92½	Sund. & S. Shields Water 8% Red. Prf. '87	92½	.....

"RIGHTS" OFFERS

Issue Price p:	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing prices p:	+ or −
190	F.P.	6/7	4/9	236	222	AGB	234	.....
64	F.P.	1/6	10/7	98	81	Amal. Power Eng.	98	+10
190	F.P.	1/6	13/7	234	207	Barratt Devs.	224	−5
45	Nil	23/7	28/8	9pm	6½pm	Brengreen	6½pm	.....
275	Nil	13/7	2/12	46pm	6pm	B.P.	10pm	−8
290	Nil	13/7	2/12	32pm	½pm	B.P. (H.M.G.)	½pm	−4½
500	F.P.	19/6	15/7	£11½	550	Comm. Bk. of Near East	£11½	.....
165	F.P.	3/7	7/8	191	182	Crouch (D)	182	.....
150	F.P.	17/6	15/7	170	152	Elbar	170	.....
375	Nil	10/7	73/8	35½pm	25pm	English Association	25pm	.....
50	F.P.	6/7	7/8	87	76	Euro Ferries	82	+1
55	F.P.	12/6	11/8	68	63½	Fine Art	67	.....
255	Nil	13/7	10/8	125pm	84pm	Flight Refuelling	103pm	−7
90	Nil	10/7	21/8	42pm	31½pm	Geers Gross	38pm	.....
250	F.P.	17/6	24/7	346	269	G.R.E.	334	−4
103	P.P.	—	—	109	65	Hong Kong & Shanghai Bk.	105	+2
205	F.P.	8/6	24/7	270	247	Horizon Travel	255	+2
318	F.P.	26/6	7/8	343	330	Lyle Shipping	332	+2
70	F.P.	17/6	24/7	82	72	Northern Engineering	80	+1
50	F.P.	9/7	12/8	73pm	65pm	Old Swan Hotel (H'gate)	65pm	.....
60	F.P.	26/6	7/8	69	62	Second City Props	67	.....
6	P.P.	6/5	21/9	11½	6½	Sterling Credit	9	−¼

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or Partly-Paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* | 9.41 | 9.83 | −0.10 | 3.56
Clive Gilt Fd. (C.I.) | 8.21 | 8.58 | −0.12 | 15.38
*Prices on July 9. Next dealing July 16.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. | 245.0 | 266.5 | ..... | —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. | US$10.51 | — | −0.15 | —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) | 89.9 | 90.0 | −1.4 | 15.00
Valued weekly Wednesday.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. | 199.1 | 213.0 | −1.1 | 3.11

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
H S Channel Is. Fd. | 149.1 | 159.0 | ..... | 3.25
H.S. Fxd. Int. Fd. | 88.0 | 93.0 | ..... | 13.11
H.S. Intnl. Gth. Fd. | 118.7 | 126.4 | ..... | —
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. | US$24.09 | 25.05 | +0.09 | —
CSF Fd. (Acc.) | SF18.76 | 19.15 | −0.09 | —
Crossbow Fd. | SF7.38 | 7.57 | −0.09 | —
ITF Fd. (Acc.) | US$13.46 | 13.92 | +0.09 | —

I.C. Trust Managers Ltd.
10, St. Georges St., Douglas, IoM 0624 25015
Int. Commodities Tst. | 102.8 | 109.4 | ..... | —
Next dealing day August 5.

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Offer Pce) | DF72.95 | — | −0.06 | 2.47

International Bond Trust
2, Boulevard Royal, Luxembourg

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† | US$2.68 | 2.85 | −0.12 | 0.50
O.C.Sm. Co.*** | 126.4 | 134.4 | ..... | 2.5
O.C. Commodity* | 96.3 | 102.4 | ..... | 2.05
O.C. Dir. Comdty.† | US$43.06 | 45.82 | −0.49 | 2.16
O.C. Hong Kg. Fd.†† | HK$43.59 | 46.20 | ..... | —
O.C. Sterling Fd.** | £13.850 | — | +0.004 | —
**O.C. International Reserves Limited
Bel. Francs (Fin.) | 672.24 | Italian Lira | 27,625
Canadian $ | 28.280 | Singapore $ | 54,600
D-Mark | 43.440 | £ Sterling | 11.323
Dutch Guilder | 43.320 | Swiss Francs | 41.372
French Francs | 111.350 | U.S. $ | 27.665
*Prices on June 30. Next dealing July 14. †Prices on July 21. Next dealing July 21. **Daily dealings. ***July 15. ††Dealing every Wednesday.

Save & Prosper International
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.**‡ | DM8.76 | 9.29 | +0.04 | 5.92
Dlr. Fxd. Int.**‡ | US$7.59 | 8.05 | +0.09 | 9.32

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgrs. Ltd.(a)(c)

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co. Ltd.(a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.(a)(c)(g)

The British Life Office Ltd.(a)

Brown Shipley & Co. Ltd.(a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.(a)(g)

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M.(a)(b)(c)

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs. (a) (b) (c).

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgrs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd. (a)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Tst. Mgrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Mayflower Management Co. Ltd.

McAnally Fund Management Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.(a)

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Northgate Unit Trust Managers Ltd. (c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (a) (g) (z)

Rowan Unit Trust Mngt. Ltd. (a)(g)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mangt. Ltd.

Target Tst. Mngrs. Ltd.(a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Tyndall Managers Ltd.(a)(b)(c)

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Provident Capital Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Refuge Investments Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Amicable Investments

Scottish Widows' Group

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Sun Life Pensions Management Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Adig Investment

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngmt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Candirex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Central Assets Management Ltd.

Charterhouse Japhet

Charter Commodities (Isle of Man) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

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COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

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FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

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Commercial Vehicles

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Components

[illegible]

Garages and Distributors

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NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	......	Q2.5c	—	3.5
41	14	ACM 20c	32	−4	—	—	—
21	11½	Argosy Gold NL 25c	11½	......	—	—	—
229	137	Bond Corp.	218	−8	Q7½c	1.9	2.0
104	76	Bougainville I Kina.	88	−4	Q25.7c	1.0	16.7
302	214	CRA 50c	248	+4	Q19c	1.7	4.4
25	16	Canada Northwest	17	−1	—	—	—
35	16	Carr Boyd 20c	18	......	—	—	—
415	68	Central Pacific	68	−2	—	—	—
35	15	Cons. Gold Min. N.L. 50c	15	......	—	—	—
47	28	Cultus Pacific N.L.	32	......	—	—	—
68	22	Eagle Corp. 10c	58	......	—	—	—
40	29	Endeavour 20c	32#	......	—	—	—
500	310	G. M. Kalgoorlie 25c	385	......	†Q13c	ϕ	2.0
25	9	Great Eastern	13	......	—	—	—
275	180	Hampton Areas 10p	205xd	......	2.5	ϕ	1.7
168	46	Haoma Gold N.L.	54	−4	—	—	—
85	25	Intl. Mining	25	−5	—	—	—
118	46	Jimberlana (50cFP)	46	......	—	—	—
245	135	Kitchener NL 25c	140	......	—	—	—
105	40	Leichardt Expln.	40	......	—	—	—
430	275	Meekatharra	370	......	—	—	—
70	49	Metals Ex. 50c	56	−2	§Q3c	2.9	2.7
38	20	Metramar Mns. 20cts.	28	......	—	—	—
20	10	Mid East Mins. NL	12½	......	—	—	—
290	190	M.I.M. Hldgs. 50c	247	+1	‡Q27½c	1.7	‡
21	10	Minefields Expl. 25c.	11½	+½	—	—	—
123	83	Mount Lyell 25c	120	......	ϕ†Q15c	1.7	7.2
20	13	Newmetal 20c	15	−1	—	—	—
69	41	Nickelore N.L.	54	......	—	—	—
204	149	North B. Hill 50c.	196	+1	Q18c	3.1	5.3
84	50	Nth. Kalgurli	75	−3	—	—	—
196	94	Nth. Mining Corp.	194	−2	ϕ—	—	—
122	36	N. West Mining N.L.	43	−3	—	—	—
150	106	Oakbridge 50c	140	−2	tQ12c	1.1	4.9
185	138	Otter N. L.	160	......	—	—	—
188	164	Pacific Copper	186	−2	—	—	—
605	350	Pancont'l 25c	370	−5	—	—	—
83	42	Paringa M&Ex.5p	82	−1	ϕ—	—	—
525	375	Peko-Wallsend 50c.	460	......	ϕQ22½c	ϕ	2.8
43	27	Pelsart Res NL	32	......	—	—	—
120	85	Seltrust A	90	......	—	—	—
157	28	Southern Pacific	28	......	—	—	—
100	40	Swan Resources 20c.	90	−3	—	—	—
400	9½	West Coast 25c	12½	−1	—	—	—
327	227	Westn. Mining 50c.	310	−6	Q14c	1.6	2.6
27	14½	Westmex	14½	......	—	—	—
76	46	Whim Creek 20c	56	−2	—	—	—
101	58	York Resources	65	−1	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	9	Amal Nigeria 1p	9	......	H6.0	—	—
300	245	Ayer Hitam $M1	245	......	†Q205c	1.0	‡
104	54	Beralt Tin	104	......	ϕ5.0	3.3	6.9
155	98	Geevor	105	......	—	—	—
11	8	Gold & Base 12½p	11	......	—	—	—
660	520	Gopeng Cons.	520	......	‡30.0	1.8	‡
450	348	Hongkong	355xd	......	21.0	ϕ	8.4
137	115	Idris 10p	132	......	9.0	0.8	9.7
36	13	Jantar 12½p	36	+1	3.0	ϕ	13.0
98	85	Kamunting $M0.50	85	......	‡Q80c	1.0	‡
625	363	Killinghall $M1	625	......	‡Q66.7c	ϕ	2.2
114	88	Malay Dredging 10c	114#	......	ϕHQ38c	0.9	6.8
68	30	Pahang	62	......	0.63	0.8	1.4
118	90	Pengkalen 10p	113	......	3.5	0.6	4.4
380	325	Petaling $M1	330	......	‡Q180c	1.4	‡
25	19	South Crofty 10p	24#	......	‡1.0	4.4	‡
225	200	Sungei Besi $M1	215	......	‡Q40c	1.1	‡
185	95	Supreme Corp. $M1	185	......	ϕQ15½c	ϕ	1.7
118	116	Tanjong 15p	118	......	3.5	3.7	4.2
90	75	Tongkah H. Tin $M1	75	......	Q23%	0.4	6.1
410	340	Tronoh $M1	345	......	Q110c	1.2	6.5

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
335	165	Messina R0.50	310xd	......	†Q45c	4.7	8.3

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	142	Anglo-Dominion	155	+5	—	—	—
55	40	Barymin	50	+3	—	—	—
25½	14	Burma Mines 10p	19	......	0.75	0.9	5.6
330	180	Colby Res. Corp.	265	+20	—	—	—
275	200	Cons. Murch. 10c.	230	......	tQ30c	1.8	7.5
98	60	††Hemerdon 10c.	60	−5	—	—	—
180	135	Highwood Res.	145	......	—	—	—
400	300	Northgate C$1	335	−5	—	—	—
580	372	R.T.Z.	515	−3	16.0	3.2	4.4
£125	£93½	Do.9½pcCnv.Ln.'95-2000	£115	−1	Q9½%	—	f8.2
*51	32	††SPO Minerals 10p	32xr	......	—	—	—
47	27	Sabina Inds. C$1.	28	......	—	—	—
44	28	††SWCM 10p	35	−1	—	—	—
555	465	Tara Expln. $1	540	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of [illegible]

[illegible] prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

				IRISH	
Albany Inv. 20p	45	......	Conv. 9% '80/82	£91⅞	......
Bertam	12	−1	Nat. 9¾% 84/89	£69¾	......
Bdg'wtr. Est. 50p	480	......	Fin. 13% 97/02	£79⅞	−⅜
Craig & Rose £1	£12½	......	Alliance Gas	70	......
Finlay Pkg. 5p	22	......	Arnott	235	......
Graig Ship. £1	£21	+½	Carroll (P.J.)	87xd	+2
Higsons Brew	70	......	Concrete Prods.	93	......
Holt (Jos) 25p	400	......	Helton (Hldgs.)	30	......
I.O.M. Stm. £1	158	+1	Ins. Corp.	400	......
Pearce (C. H.)	850	−10	Irish Ropes	43	......
Peel Hldgs.	100	......	Jacob	59	......
Sheff. Refrshmt.	97	......	T.M.G.	16	......
Sindall (Wm.)	195	......	Unidare	100	......

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	16
BOC Intl.	11	"Imps"	7	Woolworths	6
B.S.R.	7	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	18	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	17	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¾
Brown (J.)	9	Mrks. & Spncr	11		
Burton Ord.	14	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	8	Brit. Petroleum	33
Courtaulds	7	Nat. West. Bank	32	Burmah Oil	16
Debenhams	10	P & O Dfd.	12	Charterhall	8
Distillers	17	Plessey	28	KCA	22
Dunlop	8½	Racal Elect.	34	Premier	7½
Eagle Star	25	R.H.M.	5	Shell	32
F.N.F.C.	3	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	25	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	18	Thorn EMI	30		
G.U.S. 'A'	44	Trust Houses	15	Charter Cons.	21
Guardian	30	Tube Invest.	18	Cons. Gold	45
G.K.N.	15	Turner & Newall	10	Lonrho	9
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Thursday July 9 1981

Miners talk tactics over Belvoir

BY CHRISTINE TYLER, LABOUR EDITOR

THREATS of industrial action by the miners if the Government does not sanction development of the big Vale of Belvoir coal field in Leicestershire were issued at the delegate conference of the National Union of Mineworkers yesterday.

The leak last week of a draft paper setting out the "preliminary conclusion" of Mr Michael Heseltine, the Environment Secretary, who felt that planning permission should not be given at least for the time being, had ensured that yesterday's debate on the state of the industry would be a lively affair.

Despite threats from the floor to repeat February's showdown with the Government over investment for coal mining, however, an emergency resolution carried unanimously by the delegates ostentatiously refrained from talk of industrial action.

This outcome could help supporters of the project, including the Energy Department, when Ministers eventually meet to discuss the Environment Secretary's report.

Formal notice of industrial action or explicit charges of political bias could have had the opposite effect to that desired by the NUM.

It could have stiffened the Prime Minister's resolve not to be seen giving way to the miners for the second time in a year.

Nevertheless, the tone of the conference in Jersey, Channel Islands, was unmistakable, with leaders of the moderate coalfields well to the fore in calling for common resistance.

Sir Derek Ezra, chairman of the National Coal Board, told the conference later that the Vale of Belvoir was necessary to meet future demands for coal, and to replace capacity as the six collieries in the area ran out of reserves. Without it, 4,000 miners would lose their jobs.

Sir Derek said that the board would do everything to meet the objections of the environmental lobby whose fierce opposition at a six month long planning inquiry nevertheless failed to convince the Environment Department's own inspector.

Sir Derek said the industry was coping well with the recession by boosting overseas sales to 10m tonnes and increasing productivity at home. "We are moving in the right direction. We must not be blown off course."

There was agreement between the board and the mining union that failure to obtain planning permission for the Vale of Belvoir would put the industry's investment programme out of gear.

The first threat of industrial action came yesterday from Mr Emlyn Williams, the Left-wing South Wales president, when moving a resolution on energy policy. He said that the Leicestershire area's declaration that they would be "very upset" if Belvoir was turned down by the Cabinet, did not go far enough.

Unless there was a positive move, he would be asking the South Wales miners to repeat their strike of February "until we get total victory."

He also accused the board of starving the pits reprieved in February of day-to-day capital investment.

Mr Ray Chadburn, the moderate Nottinghamshire area president, was almost as threatening. "We should be united in our efforts to force the Government to reject Heseltine's recommendation. If that fails we should use all our industrial muscle," he said.

Mr Chadburn joined other speakers in saying that Mr Heseltine's decision had more political than environmental undertones.

When the Government will make its decision is not yet known. Nor is it clear whether Ministers see the Belvoir decision as a bargaining card in the forthcoming wage negotiations.

But until the Cabinet decides, moderates in the union will be able to argue against militancy on the wages front on the grounds that this could prejudice the new investment.

Spadolini shuts Milan Stock Exchange

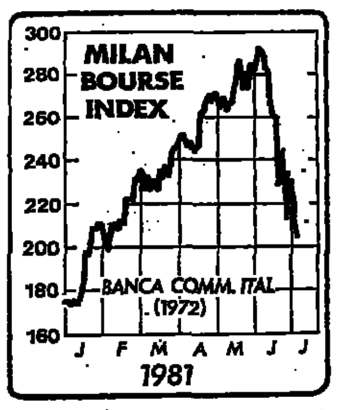
By James Buxton in Rome

THE ITALIAN GOVERNMENT ordered Milan Stock Exchange yesterday to close until Monday.

The order followed urgent talks between Sig Giovanni Spadolini, the Prime Minister, and Sig Nino Andreatta, the Treasury Minister, on how to contain the wave of selling that hit the exchange the previous day.

The trading session was suspended on Tuesday after it became clear that virtually every quoted share would have registered a fall greater than the permitted limit of 20 per cent in any trading day.

Faced with the second selling wave on the exchange within a



month, the authorities wish to allow a pause for reflection as they try to restore its reputation as a suitable place for savers to invest their money and for companies to raise equity capital.

The Government's action has thrown into confusion a number of major capital-raising operations, including a move by the State to sell shares in three nationalised banks.

Sig Giorgio de Gasperi, president of the brokers' association, described the Government's move as "opportune." He doubted whether the exchange could reopen on Monday, as in his view not all necessary consultations will have been completed.

The crisis began early in June, when heavy selling first hit the market after about 18 months in which prices rose more than one-and-a-half times.

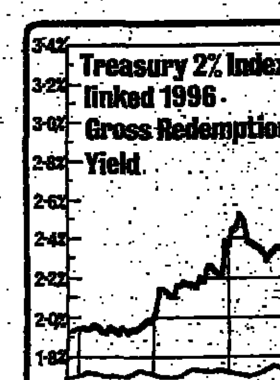
One June 16 Consob, the regulating authority, stepped in to halt the fall in prices. It ordered all transactions to be settled in three days, instead of at the end of the monthly account as before.

World Stocks, Page 30

THE LEX COLUMN

Real returns and reality

Index fell 7.1 to 522.4



The Bank of England's sureness of touch in handling the money markets earlier this week, when interest rates were pushed higher, was sadly absent yesterday in what is almost certainly a more important operation. Subscriptions to Treasury 2 per cent index-linked 2006 were pitched so low that the Bank was obliged to draw a cut-off line, imposing a minimum price retrospectively, in order not to give the stock away too cheaply. For the comfort of the world at large, the line has been drawn rather low—in in allotting stock at £86, the Bank has conceded a real return, risk-free of 2.9 per cent for 25 years, which for anyone but an actuary is more or less for ever.

The Bank is used to the conflict between short-term funding requirements—getting the odd £100m sold at any price in banking July—and the need to service the debt issued for a quarter of a century. With a conventional bond it is always able to pretend that inflation might sooner or later eliminate any extra real cost involved in "dear" funding. With the index-linked issue the real cost is set at the beginning and maintained over the entire life of the issue; it is worth being fussy about decimal points.

The best excuse is that the Bank was simply allowing market forces to operate in determining the price. That would be acceptable if the market were at all deep, but in this case only pension funds were eligible to apply for the stock, and they are both short of cash and long of the 1996 index-linked issue. Pension fund beneficiaries must be consoled by the thought that some of the brilliant men who manage these funds are so sure about beating a real return of 3 per cent over 25 years that they did not even bother to apply.

The conclusion to draw from this is not that it is wrong to offer indexed debt, but unsatisfactory to restrict it to one ungrateful class of holder. In the meantime, by accepting a return of nearly 3 per cent, the Bank has endorsed a rise in the real long-term rate of interest. For managers of bond, equity or property portfolios that looks a more significant event than seven-day lending in the discount market.

BP

The City is bracing itself for what could be the biggest rights issue flop of all time. Until the beginning of this week, the underwriters of BP's jumbo £624m issue were sitting reasonably comfortably. But the upset in the financial markets has come at the worst possible time for the issue, since the first instalment has to be paid by Monday. The shares closed yesterday at 286p—down nearly a fifth since the rights announcement—and although that is still 11p above the basic underwritten price it is an uncomfortable 4p below the level at which the Government's entitlement is to be sold. The underwriters' exposure to these Government shares totals £293m.

The technical position in the next few days will be very complicated. Assuming that most of the Government shares are not taken up, the lead banks will face a tricky task when it comes to placing any other shares which are left behind. With a yield of 10½ per cent on the basic offer, there could be buying opportunities for the long term investor—but the short term outlook is cloudy.

Letraset

Letraset's disastrous acquisition of the rare stamp dealer Stanley Gibbons is as salutary a lesson on the dangers of diversification into uncharted territory as one could wish. It has not, however, deterred Mills and Allen from pouncing on Letraset itself.

Worth 104p a share, the all-paper offer represents a premium of 42 per cent above the low point of the year, but only 20 per cent above pre-raid levels. So this is far from being a knockout price. Letraset's net tangible assets in the latest balance-sheet were 64p a share, and intangibles are an important element in its business. While the exit p/e will look pretty fancy on the latest year's depressed earnings, Letraset has the financial muscle to sort out Gibbons on its own, and the multiple against the group's earnings without Gibbons looks decidedly less exotic. Meanwhile the offer implies a significant income sacrifice, especially as there will now presumably be no more loose talk from Letraset about passing the final dividend.

Recent events suggests that the heavy institutional holding in Letraset will not be the defending company's strongest suit. But while the institutions were queueing up yesterday to collect their 105p cash during the raid, an exchange for Mills paper may prove a rather less effective lure. Mills' money broking side is an attractive business, though there is a question mark over posters in the light of the Monopolies Commission attack on the industry. The market is clearly expecting more action — given the Letraset closing price of 109p. But with a market capitalisation only a quarter as big again as the value of its offer for Letraset, Mills' room for manoeuvre is limited.

France

Yesterday's policy statement by the French Prime Minister, M Mauroy, shows clearly enough the conflicting ideological strands in the Socialist Government. For the time being at least the commitment to a strong franc is retained, and there are no plans to reintroduce price controls on manufactured goods (although it is generally felt that retail margins could come in for harsh scrutiny). In contrast to all this, the nationalisation programme is to be pushed through in full, and as quickly as possible.

At least the companies on the list — which together with groups already in state hands account for more than half French corporate turnover—are not condemned to spend the next couple of years thinking wishfully about reprieve, as there should be no prolonged and damaging hiatus in the actual running of the businesses. Quite how the nationalisations are to be paid for is not at all clear, except that it is most unlikely to be in cash. The French budget deficit will need plenty of funding as it is, so a lot of funny fixed-interest paper is going to be floating around the Bourse. In the meantime the sharp fall in the market prices of the stocks on the Government's list gives the authorities an excuse to acquire them cheaply.

U.S. drops Carter anti-trust suits

By David Lascelles in New York

THE REAGAN Administration yesterday cancelled a number of anti-trust suits launched by the Carter Administration, the first concrete steps in the implementation of its more tolerant anti-trust policy.

The Justice Department, which shares responsibility with the Commerce Department for anti-trust enforcement, said the cancellations resulted from a top-level review of cases, and were the first since 1976.

In the most important case, the Department dropped a suit against Mack Trucks, the heavy truck maker part-owned by Renault, belonging to the Signal Companies conglomerate.

In January the Carter Government accused Mack of trying to fix the retail price of its spare parts through its National Distributor Advisory Council. Though the authorities filed a civil suit in which no damages were sought, the action triggered a number of private suits seeking damages, which can be trebled under the Sherman anti-trust Act.

Mr William Baxter, the Reagan appointee to head the Justice Department's Anti-Trust Division, said yesterday that such pricing agreements did not harm the market or consumers because they were not made between competitors.

Mr Baxter announced that the Department would not challenge an attempt by Ibstock Johnsen of the UK to acquire Glen-Gery, a Pennsylvania brickmaker.

Carter officials had sued to stop the merger on the grounds that it would lessen competition in the brick industry. But Mr Baxter said that there was too little concentration in the market to support this contention.

In a separate appearance before a Congressional committee yesterday Mr Baxter said that he saw no anti-trust problems in the recent much-publicised mergers in the financial services industry, including the Prudential Insurance—Bache and American Express—Shearson deals. Bache and Shearson are both share-broking and investment firms.

While he would challenge acquisitions that substantially lessened competition, said Mr Baxter, those that combined firms operating in different segments of the financial markets "do not appear to fall into this category."

Though the Reagan Administration has frequently indicated that it feels the Carter Administration was too zealous in anti-trust activity, yesterday marked the first time that it set about cancelling law suits already in motion.

Implementation of this more lenient policy comes at a time of unprecedented takeover activity in the U.S. with this week's proposed merger of Du Pont and Conoco only the latest in a string of deals that might have been challenged in a different political climate.

Japanese Premier seeks private talk with Reagan on defence

BY RICHARD C. HANSON IN TOKYO

MR ZENKO SUZUKI, the Japanese Prime Minister, will seek a private meeting with President Ronald Reagan of the U.S. at this month's economic summit in Ottawa in an attempt to end friction between the two countries over Japan's defence policy.

A senior Japanese Government official announced the move in Tokyo yesterday shortly after the senior U.S. military officer in Japan delivered a sharp attack on Japanese defence capabilities.

Lt-Gen William H. Ginn Jr. commander of the 45,000-strong U.S. force in Japan, said that Japan was barely able to defend herself "even against the most limited kind of conventional attack."

Gen Ginn's remarks are the most critical yet from a U.S. military officer and crown a steady build-up in recent months of political pressure from the U.S. Administration on Japan to increase defence spending.

Japan's chief Government spokesman, Mr Kiichi Miyazawa, told a Parliamentary committee yesterday that at the Ottawa summit on July 20-21 Mr Suzuki would repeat Tokyo's argument that Japan, which spends less than 1 per cent of gross national product on defence, was doing all she could to realise a limited military build-up in 1987.

With the issue of Japanese car exports to the U.S. at least temporarily resolved, Pentagon frustration at Tokyo's defence spending is now clearly the most serious factor affecting relations.

Earlier this month Mr Caspar Weinberger, the U.S. Defence Secretary, insisted in talks in Washington with Mr Joji Omura, the Japanese Defence Minister, that Tokyo raise its spending beyond this year's $11bn target.

But in Washington and at earlier "working-level" consultations in Hawaii, Japan insisted in turn that she would not increase her defence budget by more than 7.5 per cent annually for the next four years, bringing spending to about 1 per cent of gross national product by 1984.

To the U.S., the key question is whether the U.S.-Japan defence alliance is to have substance, or exist in name only. But despite budgetary restraints, Japan has been saying that the Japanese public would be hostile to an increase in defence spending and to any fundamental change in attitude that might entail.

Recognising this, Gen Ginn said yesterday that Japan needed "the consensus of the Japanese people to support increased emphasis on defence."

The danger of the present situation, he said, was not of "immediate attack," but rather of a "gradual dimunition of [Japan's] freedom and prosperity. It is vital that Japan be able to repel conventional aggression and protect its vital sea lanes."

The General, who retires this summer after two years in command, said that the amount of money alone by which the U.S. intended to boost spending this year and next was three times greater than Japan's annual defence budget.

He added that much could be done by Japan in "low-cost" areas to improve defence, including establishment of a central command system to co-ordinate activities of the three branches of the Self-Defence Forces.

Dutch to build Bahrain causeway

BY MARY FRINGS IN BAHRAIN

BALLAST NEDAM, the Dutch contracting consortium, has been chosen to build a strategically important causeway linking Bahrain with Saudi Arabia.

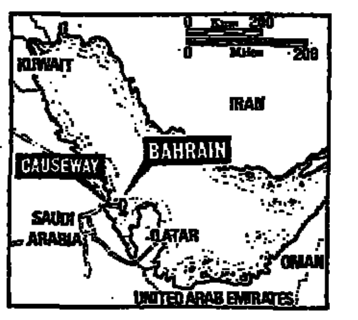
The contract, worth $564m (£296m), was signed yesterday by Mr Mohammed Aba al-Khail, the Saudi Finance Minister, and Mr. Philip Diedrichs president of Ballast Nedam.

Under a separate agreement Saudi Arabia and Bahrain have established a joint independent authority to maintain and operate the 15.6 miles causeway —a chain of five bridges with four traffic lanes and a capacity of nearly 3,000 vehicles an hour.

The agreements end more than 18 months of intense international competition and negotiation for the project.

Bandar Ballast, a new company, which is 51 per cent owned by Prince Bandar of the Saudi royal family, has been formed to carry out the contract. However, it is understood that Ballast Nedam will have technical responsibility for the work.

Dr Majid Bouden, special



advisor to Prince Bandar, denied here yesterday that there was any direct link between the causeway and Saudi defence. He also rejected the idea of Bahrain playing the same role in relation to Saudi Arabia that Hong Kong plays for China but conceded that the island would be a commercial and financial centre for the kingdom.

There have been suggestions that the building of the causeway represents a de facto alliance between the two countries.

The contract—the biggest within the current Saudi five-year plan—is being financed in full by Saudi Arabia. Amsterdam-Rotterdam Bank is lead managing an immediate $140m syndicated guarantee facility for Bandar-Ballast, $112m in advance payment covering the estimated four and a half year period of the deal and the rest in performance bond. No other details of the facility were available.

Dr Bouden said yesterday that Bandar-Ballast originally submitted two proposals, one for steel bridgework and one for reinforced concrete, each of which had been updated. Both steel offers, made in conjunction with Mitsubishi of Japan, had been rejected, but the second proposal for reinforced concrete had been selected as a main contender by assessors from the World Bank.

Sixteen contenders were considered for the contract, including companies from the U.S., West Germany, the UK, Italy, Belgium and Greece.

Dr Boudon said that the Bandar-Ballast bid had been made with a view to long-term investment in the area, not as a one-off deal.

Weather

UK TODAY

CLOUDY with some thundery rain in the East. Brighter with showers in the West, spreading to all areas. Cooler than recently.

London and the South, Midlands, Wales, N. England, E. Anglia
Rain or showers dying out. Max. 20C. (68F.).

Isle of Man, W. Scotland, Central Highlands, Argyll, N. Ireland
Sunny intervals, scattered showers. Max. 16C. (61F.).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland
Cloudy, outbreaks of rain, becoming brighter with showers. Max. 18C. (64F.).

Orkney, Shetland
Rain dying out, maybe showers later. Max. 15C. (59F.).

Outlook: Sunny intervals, showers dying out. Some rain in West later.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	L. Ang.†	C	22	72
Algiers	R	32	90	Luxmbg.	S	27	81
Amsdm.	S	26	79	Luxor	S	39	102
Athens	S	27	81	Madrid	S	30	86
Bahrain		—	—	Majorca	F	31	88
Barclna.	S	28	82	Malaga	C	25	77
Beirut	S	28	82	Malta	S	28	82
Belfast	C	16	61	M'chstr.	C	19	66
Bolgrd.	F	24	75	Melbne.		—	—
Berlin	S	27	81	Mx. C.†		—	—
Biarritz	S	21	70	Miami†	S	29	84
Bmghm.	C	21	70	Milan	S	27	81
Blackpl.	C	18	64	Montrl.†	F	24	75
Bordx.	S	27	81	Moscow	F	25	77
Boulgn.	C	23	73	Munich	S	25	77
Bristol	C	20	68	Nairobi		—	—
Brussels	S	27	81	Naples	S	29	84
Budpst.	F	25	77	Nassau		—	—
Cairo		—	—	Nwcstl.	S	21	70
Cardiff	R	16	61	N York†	S	27	81
Cas'b'ca	C	23	73	Nice	S	25	77
Cape T.		—	—	Nicosia		—	—
Chicago†		—	—	Oporto	C	18	64
Cologne	S	27	81	Oslo	S	24	75
Cpnhgn.	S	23	73	Paris	F	27	81
Corfu	F	26	79	Perth		—	—
Denver†	C	19	66	Prague	S	26	79
Dublin	R	16	61	Reykjvk.	S	13	55
Dbrvnk.	S	25	77	Rhodes	S	25	77
Ednbgh.	F	21	70	Rio J'o†		—	—
Faro	F	28	82	Rome	S	28	82
Florence	S	30	86	Salzbrg.	S	26	79
Frankft.	S	27	81	S F'cisc†	F	12	54
Funchal	S	22	72	S. Moritz		—	—
Geneva	S	26	79	Singapr.		—	—
Gibraltar	F	24	75	S'tiago†		—	—
Glasgow	C	18	64	Stckhm.	S	23	73
G'rnsey	S	22	72	Strsbg.	S	29	84
Helsinki	C	22	72	Sydney		—	—
H. Kong		—	—	Tangier	F	24	75
Innsbrk.	S	26	79	Tel Aviv	S	27	81
Invrnss.	F	21	70	Tenerife	S	26	79
I.o.Man		—	—	Tokyo		—	—
Istanbul	F	22	72	T'ronto†	S	24	75
Jersey	S	25	77	Tunis	F	31	88
Jo'burg		—	—	Valencia	S	27	81
L. Plms.	C	24	76	Venice	F	27	81
Lisbon	F	23	73	Vienna	S	26	79
Locarno	S	26	79	Warsaw	F	24	75
London	C	25	77	Zurich	S	25	77

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Mauroy

Continued from Page 1

concern, ITT-France (telecommunications) and Roussel-Uclaf (pharmaceuticals), would not be covered by the nationalisation Bill, at least initially. But negotiations would be opened immediately between the French authorities and the managements of the three groups with the aim of reaching agreement on the necessary restructuring of their capital.

M Mauroy said the Government sought an arrangement which would maintain the present technological, industrial and commercial links with France's foreign partners.

Foreign shareholdings in the five other major groups, whose parent companies will be immediately nationalised — Rhone-Poulenc, St. Gobain, Thomson-Brandt, CGE and Pechiney — will also escape nationalisation. Foreign shareholders will be free either to retain their shares in these companies or sell them to the French state.

"We want the state to acquire, through nationalisation, those industrial poles which appear to us to be essential to a dynamic investment and employment policy," M Mauroy said. "But we hope, at the same time, that foreign partners and shareholders who, hitherto, have participated in the expansion of these companies will continue to do so, if they desire."

The Prime Minister stressed that nationalisation did not mean companies would have their hands tied by the state. The identity and autonomy of nationalised companies would be preserved and they would be able to act on their own initiative.

The Government intends to remain flexible in its nationalisation measures for the five diversified industrial groups, but it will act quickly and decisively in taking over the armaments and steel industries. M Mauroy said that both the Dassault group and the armaments division of Matra would be nationalised immediately and the Usinor and Sacilor steel companies would also be brought under complete state control.

The other main points in the Government's policy declaration were:

● The 1982 budget will include a wealth tax, but this will not be applicable to capital invested in businesses:

● The Government will draw up by December a two-year interim national plan providing for a lasting economic recovery, the creation of 21,000 jobs in the public sector and the reduction of working hours. The interim plan, aimed essentially at fighting unemployment, will be followed by a "more ambitious" five-year plan.

● The French franc will remain in the European Monetary System (EMS).

● Given the serious unemployment situation in France, the Government would restrict the future entry into the country of immigrant workers and propose to the countries of origin of present immigrant workers agreements on working conditions and their eventual return home.

● France's defence effort would be pursued and it would not allow itself to be technologically outdistanced.

Continued from Page 1

Dollar

Bank, the Bundesbank, did not intervene at the official Frankfurt fixing when the D-Mark was set at DM 2.4645, 2 pfennigs lower than on Tuesday. But foreign exchange dealers detected continued Bundesbank intervention outside.

The turnround to a 10 per cent fall in new export orders for West German companies in May was cited as a special factor depressing the D-Mark. Previous hopes had been for an export boom easing the current account deficit and taking pressure off the D-Mark.

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